

COMMONWEALTH OF KENTUCKY

BEFORE THE PUBLIC SERVICE COMMISSION

IN THE MATTER OF:

**ELECTRONIC APPLICATION OF DUKE)
ENERGY KENTUCKY, INC. FOR AUTHORITY)
TO 1) ADJUST NATURAL GAS RATES)
(2) APPROVAL OF A DECOUPLING) **CASE NO. 2018-00261**
MECHANISM 3) APPROVAL OF NEW)
TARIFFS 4) AND ALL OTHER REQUIRED)
APPROVALS, WAIVERS, AND RELIEF)**

**DIRECT TESTIMONY
AND EXHIBITS
OF
LANE KOLLEN**

**ON BEHALF OF THE
KENTUCKY OFFICE OF THE ATTORNEY GENERAL**

**J. KENNEDY AND ASSOCIATES, INC.
ROSWELL, GEORGIA**

DECEMBER 2018

COMMONWEALTH OF KENTUCKY

BEFORE THE PUBLIC SERVICE COMMISSION

IN THE MATTER OF:

ELECTRONIC APPLICATION OF DUKE)
ENERGY KENTUCKY, INC. FOR AUTHORITY)
TO 1) ADJUST NATURAL GAS RATES)
(2) APPROVAL OF A DECOUPLING) CASE NO. 2018-00261
MECHANISM 3) APPROVAL OF NEW)
TARIFFS 4) AND ALL OTHER REQUIRED)
APPROVALS, WAIVERS, AND RELIEF)

TABLE OF CONTENTS

I. QUALIFICATIONS AND SUMMARY 1

II. RATE BASE ISSUES 6

 A. Use of Rate Base in Lieu of Capitalization 6

 B. Cash Working Capital..... 7

III. OPERATING INCOME ISSUES..... 13

 A. Increase Transportation Revenues to Historic Levels..... 13

 B. Include *No-Notice* Intercompany Transportation Revenues 15

 C. Reduce Excessive Increase in Payroll Expense Net of Savings from
 Completion of AMI..... 17

 D. Reflect Cost Savings Associated with Extension of Meter Testing Cycle
 from 10 to 15 Years..... 21

 E. Exclude Expenses for Integrity Management Not Included in Forecast,
 But Added In for Ratemaking 22

 F. Reduce 401(k) Matching Costs for Employees Who Also Participate in
 Defined Benefit Plan 26

 G. Reduce Pension and OPEB Expense in Test Year to Reflect Normalized
 2019 Budget Expense 27

 H. Reduce Other Employee Benefits Expense to Reflect Increased Employee
 Sharing of Premiums 29

 I. Remove Restricted Stock Units Incentive Compensation Expense..... 30

 J. Reduce Deferred Integrity Management Expenses and Extend Amortization
 from 5 Years to 10 Years..... 31

IV. RATE OF RETURN ISSUES..... 34

 A. Reduce Cost of Long-Term Debt to Reflect Actual Cost of 2018 Issuances.... 34

 B. Reduce Return on Equity..... 36

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

IN THE MATTER OF:

ELECTRONIC APPLICATION OF DUKE)
ENERGY KENTUCKY, INC. FOR AUTHORITY)
TO 1) ADJUST NATURAL GAS RATES)
(2) APPROVAL OF A DECOUPLING) **CASE NO. 2018-00261**
MECHANISM 3) APPROVAL OF NEW)
TARIFFS 4) AND ALL OTHER REQUIRED)
APPROVALS, WAIVERS, AND RELIEF)

DIRECT TESTIMONY OF LANE KOLLEN

I. QUALIFICATIONS AND SUMMARY

- 1 **Q. Please state your name and business address.**
- 2 A. My name is Lane Kollen. My business address is J. Kennedy and Associates, Inc.
- 3 ("Kennedy and Associates"), 570 Colonial Park Drive, Suite 305, Roswell, Georgia
- 4 30075.
- 5
- 6 **Q. What is your occupation and by whom are you employed?**
- 7 A. I am a utility rate and planning consultant holding the position of Vice President and
- 8 Principal with the firm of Kennedy and Associates.
- 9
- 10 **Q. Describe your education and professional experience.**

1 A. I earned a Bachelor of Business Administration (“BBA”) degree in accounting and a
2 Master of Business Administration (“MBA”) degree from the University of Toledo. I
3 also earned a Master of Arts (“MA”) degree in theology from Luther Rice University.
4 I am a Certified Public Accountant (“CPA”), with a practice license, Certified
5 Management Accountant (“CMA”), and Chartered Global Management Accountant
6 (“CGMA”). I am a member of numerous professional organizations, including the
7 American Institute of CPAs and the Society of Depreciation Professionals, among
8 others.

9 I have been an active participant in the utility industry for more than thirty
10 years, initially as an employee of The Toledo Edison Company from 1976 to 1983 and
11 thereafter as a consultant in the industry. I have testified as an expert witness on
12 ratemaking, accounting, finance, tax, mergers and acquisitions, and planning issues in
13 proceedings before regulatory commissions and courts at the federal and state levels
14 on hundreds of occasions.

15 I have testified before the Kentucky Public Service Commission on dozens of
16 occasions, including base rate, environmental surcharge, fuel adjustment clause,
17 resource acquisition, resource retirement, and merger and acquisition proceedings
18 involving Duke Energy Kentucky, Inc. (“Duke Energy” or “Company”), Kentucky
19 Power Company (“KPC”), Kentucky Utilities Company (“KU”), Louisville Gas and
20 Electric Company (“LG&E”), East Kentucky Power Cooperative, Inc. (“EKPC”), Big

1 Rivers Electric Corporation (“BREC”), Atmos Energy Corporation (“Atmos”), and
2 Columbia Gas of Kentucky, Inc.¹

3

4 **Q. On whose behalf are you testifying?**

5 A. I am testifying on behalf of the Office of the Attorney General of the Commonwealth
6 of Kentucky (“AG”).

7

8 **Q. What is the purpose of your testimony?**

9 A. The purpose of my testimony is to address and make recommendations on numerous
10 rate base, revenue, expense, and rate of return issues that affect the Company’s claimed
11 revenue requirement and requested rate increase.

12

13 **Q. Please summarize your testimony.**

14 A. I recommend that the Commission increase the Company’s base rates by no more than
15 \$5.565 million compared to the Company’s requested base rate increase of \$10.542
16 million. The Company’s requested base rate increase includes the costs related to the
17 accelerated service line replacement program (“ASRP”), which presently are
18 recovered through Rider ASRP. If the Commission approves the Company’s request
19 to terminate Rider ASRP and includes the ASRP costs in the base revenue

¹ My qualifications and regulatory appearances are further detailed in my Exhibit____(LK-1).

1 requirement, then there will be an offsetting reduction in the Rider ASRP revenue
2 requirement of approximately \$3.4 million annually.² If the Commission does not
3 approve the Company's request to terminate Rider ASRP, then the requested base rate
4 increase would be reduced to approximately \$7.1 million, all else equal.³

5 In the following table, I summarize my recommendations and the effects on
6 the Company's requested base rate increase, assuming that the Commission approves
7 the Company's request to terminate Rider ASRP. I developed my adjustments in
8 consultation with the AG, but I understand that the AG's final adjustments may differ
9 based upon discovery, testimony and further evidence produced at the hearing.

10

²Response to First Supplemental AG-DR-1-013.

³The effect of the roll-in of the ASRP costs and termination of Rider ASRP is approximate because the revenue requirement in the present Rider ASRP is based on a forecast test year ending December 31, 2019, while the forecast test year in this proceeding is the twelve months ending March 31, 2020.

Duke Energy Kentucky, Inc. Gas Division Summary of Attorney General Recommendations KPSC Case No. 2018-00261 Test Year Ended March 31, 2020 \$ Millions			
	Before Gross-Up Amount	B/D and PSC Gross-up	Adjustment Amount
Duke Energy Kentucky, Inc. - Gas Division Requested Base Rate Increase (Includes Roll-In of ASRP)			\$ 10.542
Effects on Increase of AG Rate Base Recommendations			
Set Cash Working Capital to \$0 in Lieu of Properly Performed Lead/Lag Study			(0.268)
Effects on Increase of AG Operating Income Recommendations			
Increase Transportation Revenues to Historic Average	(0.166)	1.002	(0.166)
Include Intercompany No Notice Transportation Revenues	(0.603)	1.002	(0.605)
Reduce Excessive Increase in Payroll Expense Net of Savings from Completion of AMI	(0.334)	1.002	(0.335)
Reduce Excessive Increase in Payroll Tax Expense Net of Savings from Completion of AMI	(0.028)	1.002	(0.028)
Reflect Cost Savings Associated with Extension of Meter Testing Cycle from 10 to 15 Years	(0.340)	1.002	(0.341)
Exclude Expenses for Integrity Management Not Included in Forecast, But Added In for Ratemaking	(1.065)	1.002	(1.068)
Reduce 401K Matching Costs for Union Employees Who Also Participate in Defined Benefit Plan	(0.296)	1.002	(0.297)
Reduce Pension and OPEB Expense in Test Year to Reflect Normalized 2019 Budget Expense	(0.116)	1.002	(0.116)
Reduce Other Employee Benefit Expense to Reflect Increased Employee Sharing of Premiums	(0.218)	1.002	(0.218)
Remove Costs of Restricted Stock Units	(0.284)	1.002	(0.285)
Reduce Def Integrity Mmt Exp for Cost Overruns and Extend Amort from 5 Years to 10 Years	(0.359)	1.002	(0.360)
Effects on Increase of AG Rate of Return Recommendations			
Reduce LTD Rate to Reflect Actual October 2018 and New Projected December 2018 Debt Issuances			(0.050)
Reflect Return on Equity of 9.50%			(0.842)
Total AG Recommendations			<u>\$ (4.977)</u>
Base Rate Increase after AG Recommendations			<u>\$ 5.565</u>

1
2
3
4
5
6
7
8
9
10

I recommend that the Commission exercise a healthy skepticism and critically review the reasonableness of the assumptions made and the methodologies employed by the Company to project rate base components, revenues, expenses, and cost of capital in the forecast test year. These assumptions and methodologies result in forecast revenues, expenses, and costs that cannot be verified against actual accounting records in the forecast test year. I recommend that the Commission make various adjustments necessary to ensure that the revenue requirement is reasonable.

The remainder of my testimony is structured to sequentially address each of the issues identified and quantified on the preceding table.

1

2

3

II. RATE BASE ISSUES

4

A. Use of Rate Base in Lieu of Capitalization

5

6

Q. Do you support the Company's proposal to use rate base in lieu of capitalization to calculate the return component of the revenue requirement?

7

8

A. Yes. Rate base allows the Commission to more precisely determine the costs that will be allowed a rate of return and included in the revenue requirement, although adjusted capitalization can provide a valid proxy for rate base. Nevertheless, capitalization will remain an important factor in the ratemaking process, first as an upper limit on claimed rate base, and second, as the starting point for the cost of capital used in the calculation of the return that will be applied to the rate base.

9

10

11

12

13

14

15

Q. Does the use of rate base require the Commission to make decisions on specific rate base components that are not relevant or necessary if capitalization is used to calculate the return component of the revenue requirement?

16

17

18

A. Yes. The Commission will need to review and assess the individual rate base components, including capital expenditures, plant additions, accumulated depreciation, accumulated deferred income taxes ("ADIT"), materials and supplies inventories, gas in storage, and cash working capital, among others. For example, the Commission generally may not review and assess the cash working capital calculation

19

20

21

22

1 if capitalization is used for the return component of the revenue requirement, but it
2 will need to do so if rate base is used for this purpose. In this proceeding, the
3 Commission will need to determine whether cash working capital should be calculated
4 using a correctly performed lead/lag methodology or whether the one-eighth operation
5 and maintenance expense methodology is appropriate.

6
7 **B. Cash Working Capital**
8

9 **Q. Describe the Company's calculation of cash working capital.**

10 A. The Company calculated \$3.021 million in cash working capital using the one-eighth
11 of operation and maintenance expense, excluding purchased gas expense,
12 methodology.

13
14 **Q. Is this methodology reasonable?**

15 A. No. It is outdated and inaccurate. The methodology is simple, but does not reflect the
16 actual leads and lags in the Company's operating cash flows. Only the lead/lag study
17 approach measures these leads and lags and accurately determines the average
18 investment by either the Company's customers or its investors.

19

1 **Q. Has Duke Energy, Inc., the Company’s parent and owner of numerous other**
2 **natural gas and electric utilities, set its other utilities’ cash working capital to \$0**
3 **or performed and filed lead/lag studies in its other ratemaking jurisdictions?**

4 A. Yes. Duke Energy, Inc. is the parent and owner of natural gas and electric utilities in
5 Ohio, Indiana, North Carolina and South Carolina, and Florida. Duke Energy Ohio,
6 Inc. set its cash working capital to \$0 in its most recent base rate case.⁴ Duke Energy
7 Ohio, Inc. witness Ms. Peggy A. Laub stated in her Direct Testimony that “The
8 question in determining the appropriate level of cash working capital to include in rate
9 base is essentially one of reasonableness.”⁵ She further states that “Admittedly, a
10 lead/lag study is a more detailed approach [compared to the one-eighth method]. . . it
11 typically invites considerable dispute over the assumptions used to develop the study
12 . . . the Company submits that its proposal to include \$0 for its cash working capital
13 allowance is well within the bounds of reasonableness.”⁶

14 Duke Energy Indiana, Inc. (“PSI Energy”) also set its cash working capital to
15 \$0 in its most recent base rate case.⁷

⁴Duke Energy Ohio, Inc. Public Utilities Commission of Ohio Case No. 17-32-EL-AIR, Schedule B-5. I have attached a copy of this filing schedule as my Exhibit__(LK-2).

⁵Direct Testimony of Peggy A. Laub at 4-5, Public Utilities Commission of Ohio Case No. 17-32-EL-AIR.

⁶*Id.*

⁷PSI Energy Indiana Utility Regulatory Commission Cause No 42359, Schedule B-1. I have attached a copy of this filing schedule as my Exhibit__(LK-3).

1 Duke Energy Carolinas, LLC in North Carolina based its cash working capital
2 on the results of a lead/lag study, which included earnings on common, but also
3 included expense lag days for that component.⁸

4 Duke Energy Carolinas, LLC in South Carolina based its cash working capital
5 on a hybrid of the one-eighth O&M expense methodology and the balance sheet
6 methodology (current assets less current liabilities), which resulted in negative
7 working capital.⁹

8 Duke Energy Florida, LLC utilizes a balance sheet methodology.¹⁰ The cash
9 working capital could be positive or negative depending on the amounts in the balance
10 sheet accounts.

11
12 **Q. Did the AG ask the Company to provide a cash working capital study using the**
13 **lead/lag methodology?**

14 A. Yes. The Company objected to the request. The Company also stated that “it would
15 be an imprudent waste of time and expense to develop a meaningful lead-lag study in this
16 proceeding.”¹¹

17

⁸ Duke Energy Carolinas, LLC North Carolina Utilities Commission Docket No. E-7, Sub 1146, Doss Exhibit 2.

⁹ Duke Energy Carolinas, LLC Public Service Commission of South Carolina Docket No. 2018-319-E, Application Exhibit D, page 4d.

¹⁰ Duke Energy Florida, LLC (formerly Progress Energy Florida) Florida Public Service Commission Docket No. 090079-EI, Application Schedule B-17.

¹¹ Response to AG-DR-1-038.

1 **Q. Do you agree that it would be an “imprudent waste of time and expense to develop**
2 **a meaningful lead-lag study”?**

3 A. No. First, the study could be performed in-house at no incremental cost. Atmos
4 Energy Corporation made a similar claim in Case No. 2015-00343, but subsequently
5 prepared a lead/lag study in-house and filed it in Case Nos. 2017-00349 and 2018-
6 00281. Atmos reflected no incremental cost for this study in its listings of rate case
7 expense for either case.¹²

8 Second, this is a significant issue that affects the revenue requirement. It is not
9 a “waste” of time and expense to get it right. The Company included \$3.021 million
10 in rate base in its filing in this proceeding. This results in a revenue requirement of
11 \$0.268 million. If the Company does not file another base rate case for five years, the
12 Company’s cash working calculation using the one-eighth methodology will cost
13 customers \$1.340 million. This issue is sufficiently significant that the Commission
14 should require a lead/lag study in the next rate case filing even if there is some cost for
15 a consultant to perform the study.

¹² Application FR 16(8)(f) Schedule F-6 filed in Case Nos. 2017-00349 and 2018-00281.

1

2 **Q. Has the Commission recently adopted the lead/lag methodology for another**
3 **natural gas utility?**

4 A. Yes. The Commission recently adopted the lead/lag methodology in lieu of the one-
5 eighth of O&M expense methodology in an Atmos Energy Corporation base rate
6 proceeding. The Commission stated the following:

7 The Commission finds that the cash working capital allowance included in
8 Atmos's rate base should be based upon the lead/lag study as filed . . . Atmos's
9 lead/lag study . . . more accurately reflects the working capital needs of
10 Atmos.¹³

11

12

13 **Q. Did the Commission properly adjust the lead/lag study to remove the non-cash**
14 **items or to correctly restate them for the cash component of other items in the**
15 **Atmos proceeding?**

16 A. No. In that proceeding, the Commission determined that it was appropriate to include
17 the revenue lag days with expense lag days of zero for the non-cash depreciation
18 expense, deferred tax expense, and return on equity. As a result, there was little
19 difference between the results of the one-eighth methodology and the lead/lag
20 methodology.

¹³ Order, Case No. 2017-00349, *In Re Electronic Application of Atmos Energy Corporation for an Adjustment of Rates and Tariff Modifications* (Ky. PSC May 3, 2018) at 16-17.

1 While I disagree with the Commission's decisions on these issues in the Atmos
2 proceeding, I will address only the return on equity lag days in this proceeding because
3 it is a significant factor in whether the result of the lead/lag methodology is less than
4 the result of the one-eighth methodology. More specifically, the return on equity is
5 comprised of a dividend yield component and a growth factor component under the
6 discounted cash flow methodology utilized by the Commission. The dividend is a
7 cash expense and is paid quarterly, similar to interest on long-term debt. The dividend
8 has an expense lag, identical to the interest on long-term debt expense lag, or 91.25
9 days.

10
11 **Q. What is the effect of reflecting the dividend expense lag days on cash working**
12 **capital if a lead/lag study were performed?**

13 A. It would reduce cash working capital by \$1.239 million and the revenue requirement
14 by \$.110 million, all else equal. In other words, even if the results of the one-eighth
15 methodology and the lead/lag methodology were nearly identical, assuming the same
16 errors as were reflected in the Atmos study, the results of the lead/lag study would be
17 less than the one-eighth methodology if only this one correction is made.

18
19 **Q. What is your recommendation?**

20 A. I recommend that the Commission set the Company's cash working capital at \$0 in
21 the absence of a properly performed lead/lag study, although it may be negative. The

1 one-eighth of O&M expense methodology is outdated and inaccurate. Other Duke
2 Energy, Inc. utilities unilaterally set their cash working capital at \$0. Duke Energy
3 Ohio, LLC claims that setting cash working capital at \$0 is “reasonable.”
4

5 **Q. Have you quantified the effect of your recommendation?**

6 A. Yes. The effect is to reduce the revenue requirement by \$0.268 million. I multiplied
7 the Company’s proposed cash working capital times the Company’s grossed-up rate
8 of return.
9

10 **III. OPERATING INCOME ISSUES**
11

12 **A. Increase Transportation Revenues to Historic Levels**
13

14 **Q. Compare the transportation revenues in the test year to the base period and prior**
15 **years.**

16 A. The Company included forecast transportation revenues of \$1.405 million in the test
17 year. The forecast for the test year is less than the \$1.501 million that the Company
18 reflected in the base period. This is also less than the \$1.571 million actual
19 transportation revenues recorded during calendar year 2017 and the \$1.499 million
20 recorded during calendar year 2016.¹⁴

¹⁴ Response to AG-DR-1-041. I have attached a copy of this response as my Exhibit____(LK-4).

1

2 **Q. How does the Company explain the lower forecast transportation revenues in the**
3 **test year?**

4 A. The Company claims that the test year reflects lower transportation volumes than the
5 base year because the base year was impacted by colder than normal weather during
6 the winter months.¹⁵

7

8 **Q. Is that a valid explanation?**

9 A. No. Transportation volumes and revenues generally are not considered weather
10 sensitive. In fact, the Company's subject matter expert in this proceeding on weather
11 normalization issues, Mr. Bruce Sailors, confirms that transportation volumes and
12 revenues are not considered weather sensitive. Mr. Sailors states that the customers
13 taking service on the relevant transportation tariffs are "comprised of large commercial
14 and industrial customers that typically exhibit far less, if any, weather sensitive natural
15 gas usage" and that a weather normalization adjustment is "*inappropriate* for these
16 customers."¹⁶ (emphasis added).

17

18 **Q. What is your recommendation?**

19 A. I recommend that the Commission use the \$1.571 million actual transportation

¹⁵ *Id.*

¹⁶ Response to AG-DR-1-102. I have attached a copy of this response as my Exhibit____(LK-5).

1 revenues recorded for calendar year 2017. This avoids any argument over the forecast
2 six months in the base period and is a better indication of the test year revenues than a
3 forecast based on modeling assumptions that inexplicably assume lower volumes in
4 the test year compared to the base year or the comparable period in 2017.

5
6 **B. Include No-Notice Intercompany Transportation Revenues**
7

8 **Q. Describe the Company's *no notice* intercompany transportation revenues.**

9 A. The Company provided the following description of *no notice* intercompany
10 transportation revenues that it actually records each month and included in the actual
11 first six months of the base period.

12 Duke Energy Kentucky assesses a "no-notice interstate transportation rate" to
13 Duke Energy Ohio for gas that is transported to Ohio from the southern region.
14 This essentially represents a demand charge to ensure space on the pipeline for
15 the transport. This rate is approved by FERC and is in place for 5 years. It was
16 most recently updated in August 2018.¹⁷
17

18 **Q. What amounts of actual and forecast *no notice* intercompany transportation**
19 **revenues were recorded in 2017, recorded and forecast in the base year, and**
20 **forecast in the test year?**

21 A. The Company recorded actual *no notice* intercompany transportation revenues of
22 \$0.522 million in 2017 and \$0.261 million in the first six months of the base year (the

¹⁷ Response to AG-DR-1-043. I have attached a copy of this response as my Exhibit____(LK-6).

1 actual six months included in the base year).¹⁸ The Company included forecast *no*
2 *notice* intercompany transportation revenues of \$0 in the forecast six months of the
3 base period and \$0 in the test year.¹⁹

4 In contrast to these \$0 monthly forecast amounts in the base year, the Company
5 actually recorded \$43,506 in each of the months July 2018 and August 2018, the same
6 amount that it actually recorded in each of the first six months of 2018.²⁰ In addition,
7 it actually recorded \$57,078 in September 2018, consisting of \$50,292 per month
8 starting in August 2018 under the new rates plus an adjustment of \$6,786 to correct
9 the amount in August 2018 for the increase that was effective for that month, and it
10 actually recorded \$50,292 in October 2018.²¹

11
12 **Q. What is the Company’s rationale for failing to include *no notice* intercompany**
13 **transportation revenues in the forecast portion of the base year or in the test**
14 **year?**

15 A. The Company simply claims that it “does not forecast revenues to that level of
16 detail.”²²

¹⁸ Response to Staff-DR-1-071, Attachment, tab Base Period line 76, Account 489010 IC Gas Transportation Rev Req.

¹⁹ Response to Staff-DR-1-071, Attachment, tab Base Period line 76 and tab Forecasted Period line 77, Account 489010 IC Gas Transportation Rev Req.

²⁰ Update for actual amounts. I have attached a copy of this Update schedule, the 2nd Supplemental response to Staff-DR-1-046, as my Exhibit___(LK-7).

²¹ *Id.*

²² Response to AG-DR-1-043.

1

2 **Q. Is that a valid reason not to include these revenues for the forecast six months in**
3 **the base year or in the test year?**

4 A. No. The Company expects to record *no notice intercompany transportation revenues*
5 in the test year and they should be reflected for ratemaking purposes. These revenues
6 are “a demand charge to ensure space on the pipeline for the transport” of natural gas
7 to Duke Energy Ohio, Inc., according to the Company.²³

8

9 **Q. What is the effect of including these revenues in the test year?**

10 A. Revenues should be increased by \$0.603 million reducing the revenue requirement by
11 \$0.605 million. This amount is the annualized amount of these revenues using the
12 new FERC rate, which went into effect on August 1, 2018 and that will remain in
13 effect throughout the test year.²⁴

14

15 **C. Reduce Excessive Increase in Payroll Expense Net of Savings from Completion**
16 **of AMI**

²³ *Id.*

²⁴ Application and Order in FERC Docket No. PR18-70-000. I have attached a copy of select pages of the Application and the Order as my Exhibit__(LK-8).

1
2
3
4
5
6
7
8
9

Q. How does the Company’s payroll cost in the test year compare to the prior calendar years?

A. The total payroll cost and expense amounts are significantly greater in the test year compared to the actual amounts in prior calendar years, even though the Company claims that the test year payroll has been reduced to reflect the termination of meter reader positions due to the automated meter initiative (“AMI”) deployment. The following table shows the Company’s actual, base year, and test year total annual payroll costs amounts and by cost category (expense, capital, other).²⁵

Duke Energy Kentucky, Inc. - Gas Operations				
Payroll Labor Costs				
\$ Millions				
Period	Expense	Capital	Other Deferred	Total
Calendar Year 2015	6.819	2.613	0.684	10.117
Calendar Year 2016	6.909	4.068	1.505	12.482
Calendar Year 2017	8.033	4.348	1.872	14.253
Base Year	7.354	7.655	1.305	16.314
Test Year	8.437	6.830	0.445	15.712

10
11
12
13
14

As shown on the preceding table, there is significant growth in total payroll costs in the test year compared to prior actual calendar years, despite the fact that there will be a reduction in test year payroll costs due to the elimination of meter reader

²⁵ Data provided in responses to AG-DR-1-055 and First Supplemental AG-DR-1-005.

1 positions and the related costs. More specifically, payroll costs are forecast to increase
2 by 55% since 2015, 26% since 2016, and 10% since 2017, all of which significantly
3 exceed the rate of inflation, even disregarding the savings from the elimination of the
4 meter reader costs.

5 Similarly, there is significant growth in the payroll expense in the test year
6 compared to prior actual calendar years. The forecast payroll expense has the most
7 direct and greatest impact on the revenue requirement in the test year, although the
8 payroll costs capitalized to construction and/or plant in service and deferred to
9 regulatory assets also affect the revenue requirement.

10 If the meter reader expense is removed from each historic year and the test
11 year, the growth is even more significant. The following table provides a comparison
12 of the annual expense excluding the meter reader expense.²⁶

Duke Energy Kentucky, Inc. - Gas Operations Payroll Labor Expense Less Meter Reader Expense \$ Millions			
Period	Expense	Meter Reader Expense	Net Expense
Calendar Year 2015	6.819	0.930	5.889
Calendar Year 2016	6.909	0.618	6.290
Calendar Year 2017	8.033	0.468	7.565
Base Year	7.354	0.206	7.148
Test Year	8.437	0.016	8.421

13
14

²⁶Data provided in responses to Staff-DR-2-016.

1 More specifically, the Company's forecast expense in the test year represents
2 an increase of 43% since 2015, 34% since 2016, and 11% since 2017. These increases
3 significantly exceed the rate of inflation, even disregarding the savings from the
4 elimination of the meter reader costs.

5 Inexplicably, even though the Company forecasts significant growth in payroll
6 expense in the test year, it claims that there is no material change in its headcount in
7 the test year compared to the base year.²⁷

8

9 **Q. What is your recommendation?**

10 A. I recommend that the payroll expense amount, net of meter reading expense not
11 included in the test year, be reduced to reflect 2017 actual amounts, increased by 3%
12 for merit increases per year through the end of the test year. This provides a greater
13 level of expense than if the base year were used as the starting point. The base year
14 had a lower percentage of payroll costs charged to expense than in the actual years
15 2015 through 2017.

16

17 **Q. What is the effect of your recommendation?**

²⁷ Response to Staff-DR-2-003(c)(3).

1 A. The effect is a reduction in payroll expense and the related payroll taxes expense of
2 \$0.362 million, consisting of a reduction in payroll expense of \$0.334 million and a
3 reduction in payroll taxes expense of \$0.028 million.
4

5 **D. Reflect Cost Savings Associated with Extension of Meter Testing Cycle from 10**
6 **to 15 Years**
7

8 **Q. Describe the Company’s proposal to extend the meter testing cycle from 10 years**
9 **to 15 years.**

10 A. This proposal is described by Duke Energy witness Mr. Tyler Barbare. He addresses
11 Duke Energy’s “request for request for a waiver pursuant to KRS 278.210 and 807 KAR
12 5:022 Section 8(5) to amend its natural gas meter testing schedule for positive-
13 displacement meters with rated capacity up to and including 500 cubic feet per hour from
14 a 10-year testing parameter to a 15-year schedule. The purpose of this waiver is to align
15 the testing timeline with the useful/depreciable life of the natural gas advanced metering
16 infrastructure/automated meter reading modules (AMI/ AMR) approved as part of Case
17 No. 2016-152 (AMI Deployment Case).”²⁸

²⁸ Direct Testimony of Tyler A. Barbare at 3.

1

2 **Q. If the Commission approves this request, will there be a reduction in expense due**
3 **to fewer meter changeouts?**

4 A. Yes. The Company estimates that there will be an annual savings of \$0.340 million
5 based on approximately 33% fewer meter changeouts.²⁹

6

7 **E. Exclude Expenses for Integrity Management Not Included in Forecast, But**
8 **Added In for Ratemaking**

9

10 **Q. Describe the Company's proforma adjustment to increase its forecast**
11 **distribution maintenance expense.**

12 A. The Company included a proforma adjustment to add \$1.065 million in additional
13 integrity management expenses that were not included in the budget for the test year.

14 The following table summarizes the activities and the related incremental expenses
15 reflected in the Company's proforma adjustment.³⁰

²⁹ Response to Staff-DR-2-022. I have attached a copy of this response as my Exhibit___(LK-9).

³⁰ Response to Staff-DR-2-030. I have attached a copy of this response as my Exhibit___(LK-10).

Duke Energy Kentucky, Inc. - Gas Operations
Breakdown of Integrity Management Expense Proforma Adjustment
\$ Millions

Risk Assessment & Analysis	\$ 0.015
Records	0.530
Training	0.025
Damage Prevention	0.354
Maximum Allowable Operating Pressure Verification	0.141
Total	<u>\$ 1.065</u>

1
2

3 **Q. What is the Company's rationale for the proforma adjustment?**

4 A. The Company claims that it failed to include these additional integrity management
5 expenses in the forecast "because they were identified after the budget had been
6 established."³¹

7

8 **Q. Is this a sufficient or reasonable justification?**

9 A. No. The Company acknowledges that it added these expenses to its approved budget
10 for ratemaking recovery in the forecast test year. The Company did not include these
11 expenses in the budget it prepared in the normal course of business. Thus, the
12 Commission should view this particular proforma adjustment with a healthy
13 skepticism.

14

15 **Q. What did your review indicate?**

³¹ Response to AG-DR-1-050.

1 A. The Company has cited no new initiatives and no new laws. The Company has failed
2 to demonstrate that the scope and costs of these alleged incremental activities are not
3 already included in the budget. It has failed to demonstrate that the incremental costs
4 are required or that failure to incur the incremental costs will result in non-compliance
5 with any laws. It has failed to demonstrate that the activities must be performed or the
6 costs incurred in the test year, or whether they can be scheduled in later years in the
7 normal course of business without incurring incremental costs in the test year or
8 subsequent years as other nonrecurring activities are completed and the related costs
9 are no longer incurred. It has failed to demonstrate that these alleged incremental
10 activities and costs are recurring.

11 Instead, the Company has provided a list of expenses that may already be
12 within the scope of and included in the budget, that may be unnecessary, that may be
13 nonrecurring, and/or that otherwise may not be recoverable in the ratemaking process.
14 One project under “Records” involves data integration, something that has long been
15 a basic component of distribution integrity management, not something that is new or
16 that would have been unanticipated or overlooked in the budget process. Other
17 projects under “Damage Prevention” include “corrective maintenance” on mains and
18 services, costs that are included in ongoing distribution maintenance and should
19 already be in the budget. Another “project” under “Training” is for “radio ads,
20 billboards & mailings” to “increase awareness of Duke Energy’s gas distribution

1 system,” a cost that generally is not recoverable through the ratemaking process.³²

2
3 **Q. How does the Company’s forecast distribution expense, with and without this**
4 **proforma adjustment, compare to prior actual calendar year and base year**
5 **distribution expenses?**

6 A. The Company’s forecast distribution expenses are already projected to increase
7 significantly over the prior actual calendar years and the base year, even excluding this
8 proforma adjustment. The following table provides a comparison of the forecast
9 distribution expenses, excluding and including this proforma adjustment, in the test
10 year to these prior years and the base year.³³ The test year amount requested is \$12.905
11 million, including this proforma adjustment, an increase of nearly 30% over the base
12 year.

Duke Energy Kentucky, Inc. - Gas Operations
Distribution O&M Expenses
Test Year Amount Without and With Proforma Adjustment
\$ Millions

2015	8.468
2016	9.782
2017	11.105
Base Year	9.972
Test Year, Excluding Proforma	11.840
Test Year, Including Proforma	12.905

14

³² See 807 KAR 5:016.

³³ Responses to Staff-DR-1-030(b) and Staff-DR-2-009.

1

2 **Q. What is your recommendation?**

3 A. I recommend that the Commission reject this proforma adjustment to increase
4 distribution expense.

5

6 **F. Reduce 401(k) Matching Costs for Employees Who Also Participate in Defined**
7 **Benefit Plan**

8

9 **Q. Did the Company reduce employee benefits expense to remove the 401(k)**
10 **matching expense for those employees who also participate in the defined benefit**
11 **pension plan?**

12 A. No. The Commission's recent precedent is to adjust benefits expense to remove the
13 401(k) matching expense for those employees who also participate in a defined benefit
14 pension plan. The Commission noted this precedent, although it did not make an
15 adjustment in the recent Duke Energy (electric) proceeding, Case No. 2017-00321 due
16 to Duke's claim of offsetting savings on the non-union portion of this adjustment and
17 to give Duke an opportunity to address the union portion of the expense prior to its
18 next base rate proceeding.³⁴

19

³⁴Order, Case No. 2017-00321, *In Re Electronic Application of Duke Energy Kentucky, Inc. For: 1) An Adjustment Of The Electric Rates; 2) Approval Of An Environmental Compliance Plan And Surcharge Mechanism; 3) Approval Of New Tariffs; 4) Approval Of Accounting Practices To Establish Regulatory Assets And Liabilities; And 5) All Other Required Approvals And Relief* (Ky. PSC Apr. 13, 2018) at 22-23.

1 **Q. Should the Commission waive the adjustment again in this gas proceeding to give**
2 **Duke an opportunity to address the union portion of the expense prior to its next**
3 **base rate proceeding?**

4 A. No. The Commission should make the adjustment for the union portion of the expense
5 in this proceeding for ratemaking purposes. Whether Duke Energy makes adjustments
6 or not is within Duke's discretion; it should not drive the ratemaking or the timing of
7 the ratemaking for these costs.

8

9 **Q. What is the effect of reducing the employee benefits expense to reflect this**
10 **adjustment for the union portion of the expense, consistent with prior**
11 **Commission Orders?**

12 A. The effect is a reduction in employee benefits expense of \$0.296 million and a
13 reduction in the revenue requirement of \$0.297 million.³⁵

14

15 **G. Reduce Pension and OPEB Expense in Test Year to Reflect Normalized 2019**
16 **Budget Expense**
17

18 **Q. Describe the Company's pension and OPEB expense included in the budget**
19 **portion of the base year and the in the forecast year.**

³⁵ Response to Staff-DR-2-005(e). I have attached a copy of the response to Staff-DR-2-005 as my Exhibit___(LK-11). The portion of the expense was allocated to union employees based on 2017 total salaries provided in response to Staff-DR-1-065 (2017).

1 A. The Company included pension and OPEB expense in the budget portion of the base
2 year at a relatively constant \$0.118 million per month. It increased this to a relatively
3 constant amount of \$0.125 million per month in the test year for April through
4 November 2019, but then increased this to \$0.175 million in December 2019, \$0.154
5 million in January 2020, \$0.151 in February 2020, and \$0.132 million in March
6 2020.³⁶

7

8 **Q Is there any reason to increase the pension and OPEB expense in the last four**
9 **months of the test year?**

10 A. No. There is no obvious reason why there should be an increase in December 2019,
11 certainly not of the magnitude included by the Company and there is no reason to
12 assume that there will be an increase in December 2019 over the normalized 2019
13 expense for the first eight months of that year. Any increase in 2020 compared to 2019
14 is based on assumptions, none of which can be verified because they are not known or
15 measurable at this time. Thus, the 2019 normalized forecast is a better indication of
16 the ongoing pension and OPEB expense than a 2020 forecast that is that much further
17 removed from actual expense.

18

³⁶ Response to Staff-DR-1-071, Attachment, tab Base Period line 157 and tab Forecasted Period line 158, Account 926000 EMPL PENSIONS AND BENEFITS.

1 **Q. What is your recommendation?**

2 A. I recommend that the Commission assume that the normalized pension and OPEB
3 expense included for the first eight months of the test year will continue for the last
4 four months of the test year.

5

6 **Q. What is the effect of your recommendation?**

7 A. The effect is a reduction in pension and OPEB benefits expense of \$0.116 million and
8 a reduction in the revenue requirement of \$0.116 million.

9

10 **H. Reduce Other Employee Benefits Expense to Reflect Increased Employee**
11 **Sharing of Premiums**

12

13 **Q. Did the Company adjust its other employee benefits expense to reflect increased**
14 **employee sharing of premiums, consistent with the Commission's recent**
15 **precedent?**

16 A. No. The Commission precedent is to provide recovery of medical insurance premiums
17 based on the assumption that the employee pays 21 percent of the total cost for single
18 coverage and 33 percent of the total cost for all other types of coverage, to provide
19 recovery of dental insurance premiums based on the assumption that the employees pays
20 60 percent of the total cost of coverage, and to provide no recovery for long-term disability
21 insurance premiums.

1

2 **Q. What is the effect of reducing the employee benefits expense to reflect these**
3 **adjustments, consistent with prior Commission Orders?**³⁷

4 A. The effect is a reduction in employee benefits expense of \$0.218 million and a
5 reduction in the revenue requirement of \$0.218 million. The reduction in expense
6 consists of a reduction of \$0.167 million in medical insurance expense, a \$0.021
7 million reduction in dental insurance expense, and a \$0.030 million reduction in long-
8 term disability insurance and life insurance over \$50,000.³⁸

9

10 **I. Remove Restricted Stock Units Incentive Compensation Expense**

11

12 **Q. Describe the restricted stock units (“RSU”) incentive compensation expense**
13 **included in the test year.**

14 A. The Company included \$0.284 million in RSU incentive compensation expense in the
15 test year.³⁹ The RSU incentive compensation expense is included within the Duke
16 Energy Long Term Incentive (“LTI”) Plan, which is “generally reserved for members

³⁷ Order, Case No. 2017-00374, *In Re Application of Big Sandy Rural Electric Cooperative Corporation for a General Adjustment of Existing Rates* (Ky. PSC Apr. 26, 2018) at 6; Order, Case No. 2017-00420, *In Re Application of South Hopkins Water District for an Alternative Rate Adjustment*, (Ky. PSC Mar. 30, 2018) adopting Commission Staff report filed Feb. 19, 2018 at 8-9; Order, Case No. 2016-00365, *In Re Application of Farmers Rural Electric Cooperative Corporation for an Increase in Retail Rates* (Ky. PSC May 12, 2017) at 5-7.

³⁸ Response to Staff-DR-2-005. I have attached a copy of the response to Staff 2-005 as my Exhibit__(LK-11).

³⁹ Response to AG-DR-1-068 confirms that the Company did not remove the RSU incentive compensation expense. Response to AG-DR-1-066 provides the amount included in the test year. I have attached a copy of the response to AG-DR-1-066 as my Exhibit__(LK-12).

1 of the Enterprise Leadership Team (ELT) and Senior Management Committee (SMC)
2 to drive an ownership mindset and ensure accountability for making short and long-
3 term strategic decisions . . . 30% of the participant’s LTI opportunity was awarded as
4 restricted stock units (RSUs).”⁴⁰

5
6 **Q. Did the Commission disallow RSU incentive compensation expense in the recent**
7 **Duke Energy Kentucky (electric) base rate proceeding, Case No. 2017-00321?**

8 A. Yes. In its Order in Case No. 2017-00321, the Commission found that RSU incentive
9 compensation expense was related to financial performance and disallowed the
10 expense.⁴¹

11
12 **J. Reduce Deferred Integrity Management Expenses and Extend Amortization**
13 **from 5 Years to 10 Years**
14

15 **Q. Describe the Company’s request to recover deferred integrity management**
16 **expenses.**

17 A. The Company was authorized to defer certain integrity management expenses in Case
18 No. 2016-00159 related to pressure testing of certain segments of the AM07
19 transmission pipeline. In its Application in that proceeding, the Company estimated

⁴⁰ Response to AG-DR-1-067. I have attached a copy of this response as my Exhibit____(LK-13).

⁴¹ Order, Case No. 2017-00321, *In Re Electronic Application of Duke Energy Kentucky, Inc. For: 1) An Adjustment Of The Electric Rates; 2) Approval Of An Environmental Compliance Plan And Surcharge Mechanism; 3) Approval Of New Tariffs; 4) Approval Of Accounting Practices To Establish Regulatory Assets And Liabilities; And 5) All Other Required Approvals And Relief* (Ky. PSC Apr. 13, 2018) at 21-22.

1 the expenses at \$1.921 million.⁴² It subsequently revised and increased the estimated
2 expenses in that proceeding to \$2.185 million.⁴³

3 In its Order in that proceeding, the Commission stated that its authorization
4 was for accounting purposes only and that the amount “to be amortized and recovered
5 in rates shall be determined in Duke Kentucky’s next gas rate case.”⁴⁴ The Company
6 sought no additional increases in the estimated expenses subject to deferral.⁴⁵

7 The Company actually incurred and deferred \$2.887 million in expenses,
8 which it seeks in this proceeding to recover over five years. It does not seek to include
9 the regulatory asset in rate base, consistent with the Commission’s Order in Case No.
10 2016-00159 that the regulatory asset would not include carrying charges.

11
12 **Q. How does the actual expense incurred and deferred compare to the revised**
13 **estimated expense relied on by the Commission in Case No. 2016-00159?**

14 A. The estimated expense of \$2.185 million consisted of \$1.698 million for contract
15 labor, \$0.056 million for material, \$0.070 million for Company labor, and \$0.362
16 million for contingency.⁴⁶ The actual expense of \$2.887 million consists of \$2.620

⁴² Response to AG-DR-1-048(d).

⁴³ Order, Case No. 2016-00159, *In Re Application of Duke Energy Kentucky, Inc. for Approval to Establish a Regulatory Asset* (Ky. PSC Jul. 22, 2016) at 1.

⁴⁴ *Id.* at 6.

⁴⁵ Response to AG-DR-1-048(d).

⁴⁶ Response to AG-DR-1-048(e). I have attached a copy of the response to AG-DR-1-048 as my Exhibit___(LK-14).

1 million for contract labor, \$0.010 for material, \$0.254 million for Company labor, and
2 \$0.003 million for contingency.⁴⁷

3
4 **Q. Why did the actual expense exceed the revised estimate?**

5 A. The Company claims that the increase in expense was “due primarily to the greater
6 than anticipated usage of compressed natural gas (CNG) to maintain service to a large
7 commercial customer that was connected directly to the AM07 line,” as well as the
8 expense of “physical security and privacy barriers around all CNG equipment installed
9 on the customer’s property, around the clock security guard patrols while CNG was in
10 use, and extensive property restoration,” “grading and access road improvement
11 required to place equipment at a testing location,” and “grading and restoration
12 required for water storage tanks.”⁴⁸

13
14 **Q. Does this explanation justify recovery of the increase for ratemaking purposes?**

15 A. No. It simply explains how the Company spent the \$2.887 million. It doesn’t explain
16 why the Company could not manage the project within the *revised* estimate that the
17 Commission relied on in Case No. 2016-00159, why these additional expenses were
18 incurred, or why the Company did not anticipate or could not have anticipated them
19 in the revised estimate. In addition, the Company had a \$0.361 million contingency

⁴⁷ *Id.*

⁴⁸ *Id.*

1 in its revised estimate in Case No. 2016-00159, which was approximately 20% of the
2 estimated expense without the contingency. In other words, the Company spent an
3 additional \$0.702 million more than the *revised* estimate, *plus* nearly the entirety of
4 the \$0.361 contingency, or a total of \$1.060 million more than the revised estimated
5 expenses without the contingency.
6

7 **Q. What is your recommendation?**

8 A. I recommend that the Commission deny recovery of the \$0.702 million in expenses
9 incurred and deferred in excess of the revised estimate in Case No. 2016-00159. This
10 will provide the Company recovery of its revised estimate, *including* the contingency,
11 in Case No 2016-00159, but not for the \$0.702 million in additional expenses.
12

13 **Q. What is your recommendation regarding the proposed amortization period?**

14 A. I recommend a ten-year amortization period due to the magnitude and nonrecurring
15 nature of the expense. Both changes serve to represent a reduction in expense of
16 \$0.359 million and a reduction in the revenue requirement of \$0.360 million.
17

18 **IV. RATE OF RETURN ISSUES**
19

20 **A. Reduce Cost of Long-Term Debt to Reflect Actual Cost of 2018 Issuances**

1

2 **Q. Describe the cost of the projected 2018 debt issuances reflected in the Company's**
3 **calculation of the weighted average cost of long-term debt.**

4 A. The Company proposes a cost of long-term debt of 4.398% in the test year. This cost
5 of long-term debt includes a forecast \$50 million issuance of ten-year long-term debt
6 in September 2018 at an estimated cost of 4.41% and a forecast \$50 million issuance
7 of thirty-year long-term debt at an estimated cost of 4.69%.⁴⁹

8

9 **Q. Describe the actual cost of the actual and revised projected 2018 debt issuances**
10 **and the effect on the calculation of the weighted average cost of long-term debt.**

11 A. The actual and revised projected 2018 debt issuances result in a cost of long-term debt
12 of 4.36% in the test year.⁵⁰ This cost of long-term debt includes an actual \$25 million
13 issuance of five-year long-term debt in October 2018 at an actual cost of 4.12%, an
14 actual \$40 million issuance of ten-year long-term debt in October 2018 at an actual
15 cost of 4.24%, and a revised projected issuance of \$35 million of thirty-year long-term
16 debt in December 2019 at an estimated cost of 4.66%.⁵¹

17

⁴⁹ Staff-DR-01-071_Attachment (1) tab SCH_J3-Forecast.

⁵⁰ Response to AG-DR-1-006. I have attached a copy of this response as my Exhibit____(LK-15).

⁵¹ *Id.*

1 **Q. What is the effect of the revised cost of long-term debt to reflect the actual**
2 **September 2018 issuances and the revised December 2018 issuance?**

3 A. The effect is a reduction in the revenue requirement of \$0.050 million.

4

5 **B. Reduce Return on Equity**

6

7 **Q. Have you performed an independent study of the required return on equity?**

8 A. No. The AG has not retained an expert to perform an independent study of the required
9 return on equity.

10

11 **Q. Have you reviewed the testimony of Duke witness Dr. Roger Morin?**

12 A. Yes. Dr. Morin recommends a return on equity of 9.9%. Dr. Morin utilized various
13 methodologies to develop his recommendation, including the discounted cash flow
14 (“DCF”), capital asset pricing model (“CAPM”) and risk premium. In addition, he
15 increased the results from these methodologies to add flotation costs.

16

17 **Q. What methodology has the Commission’s historically relied on for the return on**
18 **equity?**

19 A. The Commission historically has relied on the DCF methodology and has not relied
20 on the results of the CAPM or risk premium methodologies. More recently, the
21 Commission has cited and given consideration to the returns on equity allowed by

1 other regulatory commission as a guide to the required rate of return. Further, the
2 Commission historically has rejected utility requests to increase the return to add
3 flotation costs.⁵²

4
5 **Q. What is the range of Dr. Morin’s DCF results without flotation costs?**

6 A. The range of Dr. Morin’s DCF results without flotation costs is 9.05% to 10.20%, with
7 a midpoint of 9.625%.⁵³

8
9 **Q. What return on equity did the Commission recently adopt for Duke Energy**
10 **Kentucky’s electric utility business?**

11 A. The Commission adopted a return on equity of 9.725%.⁵⁴

12
13 **Q. Are natural gas utilities generally considered less risky than vertically integrated**
14 **electric utilities?**

⁵² See Order, Case No. 2017-00321, *In Re Electronic Application Of Duke Energy Kentucky, Inc. For: 1) An Adjustment Of The Electric Rates; 2) Approval Of An Environmental Compliance Plan And Surcharge Mechanism; 3) Approval Of New Tariffs; 4) Approval Of Accounting Practices To Establish Regulatory Assets And Liabilities; And 5) All Other Required Approvals And Relief* (Ky. PSC Apr. 13, 2018) at 39.

⁵³ Response to Staff-DR-2-033.

⁵⁴ Order, Case No. 2017-00321, *In Re Electronic Application Of Duke Energy Kentucky, Inc. For: 1) An Adjustment Of The Electric Rates; 2) Approval Of An Environmental Compliance Plan And Surcharge Mechanism; 3) Approval Of New Tariffs; 4) Approval Of Accounting Practices To Establish Regulatory Assets And Liabilities; And 5) All Other Required Approvals And Relief* (Ky. PSC Apr. 13, 2018) at 39.

1 A. Yes. Natural gas utilities generally have a lower business and regulatory risk profile
2 than vertically integrated electric utilities that have business and regulatory risks
3 related to the production and transmission of electricity.
4

5 **Q. What return on equity did you reflect in your revenue requirement?**

6 A. I utilized a return on equity of 9.5%, which reflects the lower business and regulatory
7 risks compared to the Duke Energy electric utility, and reflects the lower financial and
8 regulatory risk associated with a weather normalization adjustment (“WNA”) clause.
9 Mechanically, I started with the midpoint of Dr. Morin’s DCF results without flotation
10 costs, or 9.625%, which is consistent with prior Commission decisions and consistent
11 with recent returns on equity allowed by other regulatory commissions. I then reduced
12 the 9.625% by 0.125% to reflect the reduction in risk if the Commission adopts the
13 proposed or some variation of a WNA clause. This reduction in the required return on
14 equity is consistent with Dr. Morin’s recommendation to increase his proposed return
15 on equity if the Commission does not adopt the proposed WNA clause.
16

17 **Q. What is the effect of using this return on equity?**

18 A. The effect is a reduction in the revenue requirement of \$0.842 million. Each 10 basis
19 points is equivalent to \$0.210 million in the base revenue requirement.
20

1 Q. Does this complete your testimony?

2 A. Yes.

COMMONWEALTH OF KENTUCKY

BEFORE THE PUBLIC SERVICE COMMISSION

IN THE MATTER OF:

**ELECTRONIC APPLICATION OF DUKE)
ENERGY KENTUCKY, INC. FOR AUTHORITY)
TO 1) ADJUST NATURAL GAS RATES)
(2) APPROVAL OF A DECOUPLING) CASE NO. 2018-00261
MECHANISM 3) APPROVAL OF NEW)
TARIFFS 4) AND ALL OTHER REQUIRED)
APPROVALS, WAIVERS, AND RELIEF)**

**EXHIBITS
OF
LANE KOLLEN**

**ON BEHALF OF THE
KENTUCKY OFFICE OF THE ATTORNEY GENERAL**

**J. KENNEDY AND ASSOCIATES, INC.
ROSWELL, GEORGIA**

DECEMBER 2018

AFFIDAVIT

STATE OF GEORGIA)

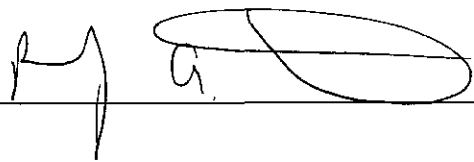
COUNTY OF FULTON)

LANE KOLLEN, being duly sworn, deposes and states: that the attached are his sworn Testimony and Exhibits and that the statements contained are true and correct to the best of his knowledge, information and belief.


Lane Kollen

Sworn to and subscribed before me on this
6th day of December 2018.

Notary Public



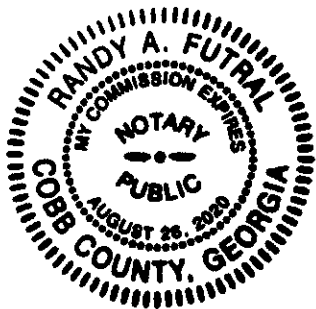


EXHIBIT ____ (LK-1)

RESUME OF LANE KOLLEN, VICE PRESIDENT

EDUCATION

University of Toledo, BBA
Accounting

University of Toledo, MBA

Luther Rice University, MA

PROFESSIONAL CERTIFICATIONS

Certified Public Accountant (CPA)

Certified Management Accountant (CMA)

PROFESSIONAL AFFILIATIONS

American Institute of Certified Public Accountants

Georgia Society of Certified Public Accountants

Institute of Management Accountants

Mr. Kollen has more than thirty years of utility industry experience in the financial, rate, tax, and planning areas. He specializes in revenue requirements analyses, taxes, evaluation of rate and financial impacts of traditional and nontraditional ratemaking, utility mergers/acquisition and diversification. Mr. Kollen has expertise in proprietary and nonproprietary software systems used by utilities for budgeting, rate case support and strategic and financial planning.

RESUME OF LANE KOLLEN, VICE PRESIDENT

EXPERIENCE

**1986 to
Present:**

J. Kennedy and Associates, Inc.: Vice President and Principal. Responsible for utility stranded cost analysis, revenue requirements analysis, cash flow projections and solvency, financial and cash effects of traditional and nontraditional ratemaking, and research, speaking and writing on the effects of tax law changes. Testimony before Connecticut, Florida, Georgia, Indiana, Louisiana, Kentucky, Maine, Maryland, Minnesota, New York, North Carolina, Ohio, Pennsylvania, Tennessee, Texas, West Virginia and Wisconsin state regulatory commissions and the Federal Energy Regulatory Commission.

**1983 to
1986:**

Energy Management Associates: Lead Consultant.
Consulting in the areas of strategic and financial planning, traditional and nontraditional ratemaking, rate case support and testimony, diversification and generation expansion planning. Directed consulting and software development projects utilizing PROSCREEN II and ACUMEN proprietary software products. Utilized ACUMEN detailed corporate simulation system, PROSCREEN II strategic planning system and other custom developed software to support utility rate case filings including test year revenue requirements, rate base, operating income and pro-forma adjustments. Also utilized these software products for revenue simulation, budget preparation and cost-of-service analyses.

**1976 to
1983:**

The Toledo Edison Company: Planning Supervisor.
Responsible for financial planning activities including generation expansion planning, capital and expense budgeting, evaluation of tax law changes, rate case strategy and support and computerized financial modeling using proprietary and nonproprietary software products. Directed the modeling and evaluation of planning alternatives including:

Rate phase-ins.
Construction project cancellations and write-offs.
Construction project delays.
Capacity swaps.
Financing alternatives.
Competitive pricing for off-system sales.
Sale/leasebacks.

RESUME OF LANE KOLLEN, VICE PRESIDENT

CLIENTS SERVED

Industrial Companies and Groups

Air Products and Chemicals, Inc.	Lehigh Valley Power Committee
Airco Industrial Gases	Maryland Industrial Group
Alcan Aluminum	Multiple Intervenors (New York)
Armco Advanced Materials Co.	National Southwire
Armco Steel	North Carolina Industrial
Bethlehem Steel	Energy Consumers
CF&I Steel, L.P.	Occidental Chemical Corporation
Climax Molybdenum Company	Ohio Energy Group
Connecticut Industrial Energy Consumers	Ohio Industrial Energy Consumers
ELCON	Ohio Manufacturers Association
Enron Gas Pipeline Company	Philadelphia Area Industrial Energy
Florida Industrial Power Users Group	Users Group
Gallatin Steel	PSI Industrial Group
General Electric Company	Smith Cogeneration
GPU Industrial Intervenors	Taconite Intervenors (Minnesota)
Indiana Industrial Group	West Penn Power Industrial Intervenors
Industrial Consumers for	West Virginia Energy Users Group
Fair Utility Rates - Indiana	Westvaco Corporation
Industrial Energy Consumers - Ohio	
Kentucky Industrial Utility Customers, Inc.	
Kimberly-Clark Company	

Regulatory Commissions and Government Agencies

Cities in Texas-New Mexico Power Company's Service Territory
Cities in AEP Texas Central Company's Service Territory
Cities in AEP Texas North Company's Service Territory
Georgia Public Service Commission Staff
Kentucky Attorney General's Office, Division of Consumer Protection
Louisiana Public Service Commission Staff
Maine Office of Public Advocate
New York State Energy Office
Office of Public Utility Counsel (Texas)

RESUME OF LANE KOLLEN, VICE PRESIDENT

Utilities

Allegheny Power System
Atlantic City Electric Company
Carolina Power & Light Company
Cleveland Electric Illuminating Company
Delmarva Power & Light Company
Duquesne Light Company
General Public Utilities
Georgia Power Company
Middle South Services
Nevada Power Company
Niagara Mohawk Power Corporation

Otter Tail Power Company
Pacific Gas & Electric Company
Public Service Electric & Gas
Public Service of Oklahoma
Rochester Gas and Electric
Savannah Electric & Power Company
Seminole Electric Cooperative
Southern California Edison
Talquin Electric Cooperative
Tampa Electric
Texas Utilities
Toledo Edison Company

**Expert Testimony Appearances
of
Lane Kollen
As of December 2018**

Date	Case	Jurisdct.	Party	Utility	Subject
10/86	U-17282 Interim	LA	Louisiana Public Service Commission Staff	Gulf States Utilities	Cash revenue requirements financial solvency.
11/86	U-17282 Interim Rebuttal	LA	Louisiana Public Service Commission Staff	Gulf States Utilities	Cash revenue requirements financial solvency.
12/86	9613	KY	Attorney General Div. of Consumer Protection	Big Rivers Electric Corp.	Revenue requirements accounting adjustments financial workout plan.
1/87	U-17282 Interim	LA 19th Judicial District Ct.	Louisiana Public Service Commission Staff	Gulf States Utilities	Cash revenue requirements, financial solvency.
3/87	General Order 236	WV	West Virginia Energy Users' Group	Monongahela Power Co.	Tax Reform Act of 1986.
4/87	U-17282 Prudence	LA	Louisiana Public Service Commission Staff	Gulf States Utilities	Prudence of River Bend 1, economic analyses, cancellation studies.
4/87	M-100 Sub 113	NC	North Carolina Industrial Energy Consumers	Duke Power Co.	Tax Reform Act of 1986.
5/87	86-524-E-SC	WV	West Virginia Energy Users' Group	Monongahela Power Co.	Revenue requirements, Tax Reform Act of 1986.
5/87	U-17282 Case In Chief	LA	Louisiana Public Service Commission Staff	Gulf States Utilities	Revenue requirements, River Bend 1 phase-in plan, financial solvency.
7/87	U-17282 Case In Chief Surrebuttal	LA	Louisiana Public Service Commission Staff	Gulf States Utilities	Revenue requirements, River Bend 1 phase-in plan, financial solvency.
7/87	U-17282 Prudence Surrebuttal	LA	Louisiana Public Service Commission Staff	Gulf States Utilities	Prudence of River Bend 1, economic analyses, cancellation studies.
7/87	86-524 E-SC Rebuttal	WV	West Virginia Energy Users' Group	Monongahela Power Co.	Revenue requirements, Tax Reform Act of 1986.
8/87	9885	KY	Attorney General Div. of Consumer Protection	Big Rivers Electric Corp.	Financial workout plan.
8/87	E-015/GR-87-223	MN	Taconite Intervenors	Minnesota Power & Light Co.	Revenue requirements, O&M expense, Tax Reform Act of 1986.
10/87	870220-EI	FL	Occidental Chemical Corp.	Florida Power Corp.	Revenue requirements, O&M expense, Tax Reform Act of 1986.
11/87	87-07-01	CT	Connecticut Industrial Energy Consumers	Connecticut Light & Power Co.	Tax Reform Act of 1986.
1/88	U-17282	LA 19th Judicial District Ct.	Louisiana Public Service Commission	Gulf States Utilities	Revenue requirements, River Bend 1 phase-in plan, rate of return.
2/88	9934	KY	Kentucky Industrial Utility Customers	Louisville Gas & Electric Co.	Economics of Trimble County, completion.

**Expert Testimony Appearances
of
Lane Kollen
As of December 2018**

Date	Case	Jurisdct.	Party	Utility	Subject
2/88	10064	KY	Kentucky Industrial Utility Customers	Louisville Gas & Electric Co.	Revenue requirements, O&M expense, capital structure, excess deferred income taxes.
5/88	10217	KY	Alcan Aluminum National Southwire	Big Rivers Electric Corp.	Financial workout plan.
5/88	M-87017-1C001	PA	GPU Industrial Intervenors	Metropolitan Edison Co.	Nonutility generator deferred cost recovery.
5/88	M-87017-2C005	PA	GPU Industrial Intervenors	Pennsylvania Electric Co.	Nonutility generator deferred cost recovery.
6/88	U-17282	LA 19th Judicial District Ct.	Louisiana Public Service Commission	Gulf States Utilities	Prudence of River Bend 1 economic analyses, cancellation studies, financial modeling.
7/88	M-87017-1C001 Rebuttal	PA	GPU Industrial Intervenors	Metropolitan Edison Co.	Nonutility generator deferred cost recovery, SFAS No. 92.
7/88	M-87017-2C005 Rebuttal	PA	GPU Industrial Intervenors	Pennsylvania Electric Co.	Nonutility generator deferred cost recovery, SFAS No. 92.
9/88	88-05-25	CT	Connecticut Industrial Energy Consumers	Connecticut Light & Power Co.	Excess deferred taxes, O&M expenses.
9/88	10064 Rehearing	KY	Kentucky Industrial Utility Customers	Louisville Gas & Electric Co.	Premature retirements, interest expense.
10/88	88-170-EL-AIR	OH	Ohio Industrial Energy Consumers	Cleveland Electric Illuminating Co.	Revenue requirements, phase-in, excess deferred taxes, O&M expenses, financial considerations, working capital.
10/88	88-171-EL-AIR	OH	Ohio Industrial Energy Consumers	Toledo Edison Co.	Revenue requirements, phase-in, excess deferred taxes, O&M expenses, financial considerations, working capital.
10/88	8800-355-EI	FL	Florida Industrial Power Users' Group	Florida Power & Light Co.	Tax Reform Act of 1986, tax expenses, O&M expenses, pension expense (SFAS No. 87).
10/88	3780-U	GA	Georgia Public Service Commission Staff	Atlanta Gas Light Co.	Pension expense (SFAS No. 87).
11/88	U-17282 Remand	LA	Louisiana Public Service Commission Staff	Gulf States Utilities	Rate base exclusion plan (SFAS No. 71).
12/88	U-17970	LA	Louisiana Public Service Commission Staff	AT&T Communications of South Central States	Pension expense (SFAS No. 87).
12/88	U-17949 Rebuttal	LA	Louisiana Public Service Commission Staff	South Central Bell	Compensated absences (SFAS No. 43), pension expense (SFAS No. 87), Part 32, income tax normalization.
2/89	U-17282 Phase II	LA	Louisiana Public Service Commission Staff	Gulf States Utilities	Revenue requirements, phase-in of River Bend 1, recovery of canceled plant.

**Expert Testimony Appearances
of
Lane Kollen
As of December 2018**

Date	Case	Jurisd. dict.	Party	Utility	Subject
6/89	881602-EU 890326-EU	FL	Talquin Electric Cooperative	Talquin/City of Tallahassee	Economic analyses, incremental cost-of-service, average customer rates.
7/89	U-17970	LA	Louisiana Public Service Commission Staff	AT&T Communications of South Central States	Pension expense (SFAS No. 87), compensated absences (SFAS No. 43), Part 32.
8/89	8555	TX	Occidental Chemical Corp.	Houston Lighting & Power Co.	Cancellation cost recovery, tax expense, revenue requirements.
8/89	3840-U	GA	Georgia Public Service Commission Staff	Georgia Power Co.	Promotional practices, advertising, economic development.
9/89	U-17282 Phase II Detailed	LA	Louisiana Public Service Commission Staff	Gulf States Utilities	Revenue requirements, detailed investigation.
10/89	8880	TX	Enron Gas Pipeline	Texas-New Mexico Power Co.	Deferred accounting treatment, sale/leaseback.
10/89	8928	TX	Enron Gas Pipeline	Texas-New Mexico Power Co.	Revenue requirements, imputed capital structure, cash working capital.
10/89	R-891364	PA	Philadelphia Area Industrial Energy Users Group	Philadelphia Electric Co.	Revenue requirements.
11/89 12/89	R-891364 Surrebuttal (2 Filings)	PA	Philadelphia Area Industrial Energy Users Group	Philadelphia Electric Co.	Revenue requirements, sale/leaseback.
1/90	U-17282 Phase II Detailed Rebuttal	LA	Louisiana Public Service Commission Staff	Gulf States Utilities	Revenue requirements, detailed investigation.
1/90	U-17282 Phase III	LA	Louisiana Public Service Commission Staff	Gulf States Utilities	Phase-in of River Bend 1, deregulated asset plan.
3/90	890319-EI	FL	Florida Industrial Power Users Group	Florida Power & Light Co.	O&M expenses, Tax Reform Act of 1986.
4/90	890319-EI Rebuttal	FL	Florida Industrial Power Users Group	Florida Power & Light Co.	O&M expenses, Tax Reform Act of 1986.
4/90	U-17282	LA 19 th Judicial District Ct.	Louisiana Public Service Commission	Gulf States Utilities	Fuel clause, gain on sale of utility assets.
9/90	90-158	KY	Kentucky Industrial Utility Customers	Louisville Gas & Electric Co.	Revenue requirements, post-test year additions, forecasted test year.
12/90	U-17282 Phase IV	LA	Louisiana Public Service Commission Staff	Gulf States Utilities	Revenue requirements.
3/91	29327, et. al.	NY	Multiple Intervenors	Niagara Mohawk Power Corp.	Incentive regulation.

**Expert Testimony Appearances
of
Lane Kollen
As of December 2018**

Date	Case	Jurisdic.	Party	Utility	Subject
5/91	9945	TX	Office of Public Utility Counsel of Texas	El Paso Electric Co.	Financial modeling, economic analyses, prudence of Palo Verde 3.
9/91	P-910511 P-910512	PA	Allegheny Ludlum Corp., Armco Advanced Materials Co., The West Penn Power Industrial Users' Group	West Penn Power Co.	Recovery of CAAA costs, least cost financing.
9/91	91-231-E-NC	WV	West Virginia Energy Users Group	Monongahela Power Co.	Recovery of CAAA costs, least cost financing.
11/91	U-17282	LA	Louisiana Public Service Commission Staff	Gulf States Utilities	Asset impairment, deregulated asset plan, revenue requirements.
12/91	91-410-EL-AIR	OH	Air Products and Chemicals, Inc., Armco Steel Co., General Electric Co., Industrial Energy Consumers	Cincinnati Gas & Electric Co.	Revenue requirements, phase-in plan.
12/91	PUC Docket 10200	TX	Office of Public Utility Counsel of Texas	Texas-New Mexico Power Co.	Financial integrity, strategic planning, declined business affiliations.
5/92	910890-EI	FL	Occidental Chemical Corp.	Florida Power Corp.	Revenue requirements, O&M expense, pension expense, OPEB expense, fossil dismantling, nuclear decommissioning.
8/92	R-00922314	PA	GPU Industrial Intervenors	Metropolitan Edison Co.	Incentive regulation, performance rewards, purchased power risk, OPEB expense.
9/92	92-043	KY	Kentucky Industrial Utility Consumers	Generic Proceeding	OPEB expense.
9/92	920324-EI	FL	Florida Industrial Power Users' Group	Tampa Electric Co.	OPEB expense.
9/92	39348	IN	Indiana Industrial Group	Generic Proceeding	OPEB expense.
9/92	910840-PU	FL	Florida Industrial Power Users' Group	Generic Proceeding	OPEB expense.
9/92	39314	IN	Industrial Consumers for Fair Utility Rates	Indiana Michigan Power Co.	OPEB expense.
11/92	U-19904	LA	Louisiana Public Service Commission Staff	Gulf States Utilities /Entergy Corp.	Merger.
11/92	8469	MD	Westvaco Corp., Eastalco Aluminum Co.	Potomac Edison Co.	OPEB expense.
11/92	92-1715-AU-COI	OH	Ohio Manufacturers Association	Generic Proceeding	OPEB expense.
12/92	R-00922378	PA	Armco Advanced Materials Co., The WPP Industrial Intervenors	West Penn Power Co.	Incentive regulation, performance rewards, purchased power risk, OPEB expense.

**Expert Testimony Appearances
of
Lane Kollen
As of December 2018**

Date	Case	Jurisdic.	Party	Utility	Subject
12/92	U-19949	LA	Louisiana Public Service Commission Staff	South Central Bell	Affiliate transactions, cost allocations, merger.
12/92	R-00922479	PA	Philadelphia Area Industrial Energy Users' Group	Philadelphia Electric Co.	OPEB expense.
1/93	8487	MD	Maryland Industrial Group	Baltimore Gas & Electric Co., Bethlehem Steel Corp.	OPEB expense, deferred fuel, CWIP in rate base.
1/93	39498	IN	PSI Industrial Group	PSI Energy, Inc.	Refunds due to over-collection of taxes on Marble Hill cancellation.
3/93	92-11-11	CT	Connecticut Industrial Energy Consumers	Connecticut Light & Power Co	OPEB expense.
3/93	U-19904 (Surrebuttal)	LA	Louisiana Public Service Commission Staff	Gulf States Utilities /Entergy Corp.	Merger.
3/93	93-01-EL-EFC	OH	Ohio Industrial Energy Consumers	Ohio Power Co.	Affiliate transactions, fuel.
3/93	EC92-21000 ER92-806-000	FERC	Louisiana Public Service Commission Staff	Gulf States Utilities /Entergy Corp.	Merger.
4/93	92-1464-EL-AIR	OH	Air Products Armco Steel Industrial Energy Consumers	Cincinnati Gas & Electric Co.	Revenue requirements, phase-in plan.
4/93	EC92-21000 ER92-806-000 (Rebuttal)	FERC	Louisiana Public Service Commission	Gulf States Utilities /Entergy Corp.	Merger.
9/93	93-113	KY	Kentucky Industrial Utility Customers	Kentucky Utilities	Fuel clause and coal contract refund.
9/93	92-490, 92-490A, 90-360-C	KY	Kentucky Industrial Utility Customers and Kentucky Attorney General	Big Rivers Electric Corp.	Disallowances and restitution for excessive fuel costs, illegal and improper payments, recovery of mine closure costs.
10/93	U-17735	LA	Louisiana Public Service Commission Staff	Cajun Electric Power Cooperative	Revenue requirements, debt restructuring agreement, River Bend cost recovery.
1/94	U-20647	LA	Louisiana Public Service Commission Staff	Gulf States Utilities Co.	Audit and investigation into fuel clause costs.
4/94	U-20647 (Surrebuttal)	LA	Louisiana Public Service Commission Staff	Gulf States Utilities Co.	Nuclear and fossil unit performance, fuel costs, fuel clause principles and guidelines.
4/94	U-20647 (Supplemental Surrebuttal)	LA	Louisiana Public Service Commission Staff	Gulf States Utilities Co.	Audit and investigation into fuel clause costs.
5/94	U-20178	LA	Louisiana Public Service Commission Staff	Louisiana Power & Light Co.	Planning and quantification issues of least cost integrated resource plan.

**Expert Testimony Appearances
of
Lane Kollen
As of December 2018**

Date	Case	Jurisdct.	Party	Utility	Subject
9/94	U-19904 Initial Post-Merger Earnings Review	LA	Louisiana Public Service Commission Staff	Gulf States Utilities Co.	River Bend phase-in plan, deregulated asset plan, capital structure, other revenue requirement issues.
9/94	U-17735	LA	Louisiana Public Service Commission Staff	Cajun Electric Power Cooperative	G&T cooperative ratemaking policies, exclusion of River Bend, other revenue requirement issues.
10/94	3905-U	GA	Georgia Public Service Commission Staff	Southern Bell Telephone Co.	Incentive rate plan, earnings review.
10/94	5258-U	GA	Georgia Public Service Commission Staff	Southern Bell Telephone Co.	Alternative regulation, cost allocation.
11/94	U-19904 Initial Post-Merger Earnings Review (Surrebuttal)	LA	Louisiana Public Service Commission Staff	Gulf States Utilities Co.	River Bend phase-in plan, deregulated asset plan, capital structure, other revenue requirement issues.
11/94	U-17735 (Rebuttal)	LA	Louisiana Public Service Commission Staff	Cajun Electric Power Cooperative	G&T cooperative ratemaking policy, exclusion of River Bend, other revenue requirement issues.
4/95	R-00943271	PA	PP&L Industrial Customer Alliance	Pennsylvania Power & Light Co.	Revenue requirements. Fossil dismantling, nuclear decommissioning.
6/95	3905-U Rebuttal	GA	Georgia Public Service Commission	Southern Bell Telephone Co.	Incentive regulation, affiliate transactions, revenue requirements, rate refund.
6/95	U-19904 (Direct)	LA	Louisiana Public Service Commission Staff	Gulf States Utilities Co.	Gas, coal, nuclear fuel costs, contract prudence, base/fuel realignment.
10/95	95-02614	TN	Tennessee Office of the Attorney General Consumer Advocate	BellSouth Telecommunications, Inc.	Affiliate transactions.
10/95	U-21485 (Direct)	LA	Louisiana Public Service Commission Staff	Gulf States Utilities Co.	Nuclear O&M, River Bend phase-in plan, base/fuel realignment, NOL and AltMin asset deferred taxes, other revenue requirement issues.
11/95	U-19904 (Surrebuttal)	LA	Louisiana Public Service Commission Staff	Gulf States Utilities Co. Division	Gas, coal, nuclear fuel costs, contract prudence, base/fuel realignment.
11/95	U-21485 (Supplemental Direct)	LA	Louisiana Public Service Commission Staff	Gulf States Utilities Co.	Nuclear O&M, River Bend phase-in plan, base/fuel realignment, NOL and AltMin asset deferred taxes, other revenue requirement issues.
12/95	U-21485 (Surrebuttal)				
1/96	95-299-EL-AIR 95-300-EL-AIR	OH	Industrial Energy Consumers	The Toledo Edison Co., The Cleveland Electric Illuminating Co.	Competition, asset write-offs and revaluation, O&M expense, other revenue requirement issues.
2/96	PUC Docket 14965	TX	Office of Public Utility Counsel	Central Power & Light	Nuclear decommissioning.
5/96	95-485-LCS	NM	City of Las Cruces	El Paso Electric Co.	Stranded cost recovery, municipalization.

**Expert Testimony Appearances
of
Lane Kollen
As of December 2018**

Date	Case	Jurisdic.	Party	Utility	Subject
7/96	8725	MD	The Maryland Industrial Group and Redland Genstar, Inc.	Baltimore Gas & Electric Co., Potomac Electric Power Co., and Constellation Energy Corp.	Merger savings, tracking mechanism, earnings sharing plan, revenue requirement issues.
9/96 11/96	U-22092 U-22092 (Surrebuttal)	LA	Louisiana Public Service Commission Staff	Entergy Gulf States, Inc.	River Bend phase-in plan, base/fuel realignment, NOL and AltMin asset deferred taxes, other revenue requirement issues, allocation of regulated/nonregulated costs.
10/96	96-327	KY	Kentucky Industrial Utility Customers, Inc.	Big Rivers Electric Corp.	Environmental surcharge recoverable costs.
2/97	R-00973877	PA	Philadelphia Area Industrial Energy Users Group	PECO Energy Co.	Stranded cost recovery, regulatory assets and liabilities, intangible transition charge, revenue requirements.
3/97	96-489	KY	Kentucky Industrial Utility Customers, Inc.	Kentucky Power Co.	Environmental surcharge recoverable costs, system agreements, allowance inventory, jurisdictional allocation.
6/97	TO-97-397	MO	MCI Telecommunications Corp., Inc., MCImetro Access Transmission Services, Inc.	Southwestern Bell Telephone Co.	Price cap regulation, revenue requirements, rate of return.
6/97	R-00973953	PA	Philadelphia Area Industrial Energy Users Group	PECO Energy Co.	Restructuring, deregulation, stranded costs, regulatory assets, liabilities, nuclear and fossil decommissioning.
7/97	R-00973954	PA	PP&L Industrial Customer Alliance	Pennsylvania Power & Light Co.	Restructuring, deregulation, stranded costs, regulatory assets, liabilities, nuclear and fossil decommissioning.
7/97	U-22092	LA	Louisiana Public Service Commission Staff	Entergy Gulf States, Inc.	Depreciation rates and methodologies, River Bend phase-in plan.
8/97	97-300	KY	Kentucky Industrial Utility Customers, Inc.	Louisville Gas & Electric Co., Kentucky Utilities Co.	Merger policy, cost savings, surcredit sharing mechanism, revenue requirements, rate of return.
8/97	R-00973954 (Surrebuttal)	PA	PP&L Industrial Customer Alliance	Pennsylvania Power & Light Co.	Restructuring, deregulation, stranded costs, regulatory assets, liabilities, nuclear and fossil decommissioning.
10/97	97-204	KY	Alcan Aluminum Corp. Southwire Co.	Big Rivers Electric Corp.	Restructuring, revenue requirements, reasonableness.
10/97	R-974008	PA	Metropolitan Edison Industrial Users Group	Metropolitan Edison Co.	Restructuring, deregulation, stranded costs, regulatory assets, liabilities, nuclear and fossil decommissioning, revenue requirements.
10/97	R-974009	PA	Penelec Industrial Customer Alliance	Pennsylvania Electric Co.	Restructuring, deregulation, stranded costs, regulatory assets, liabilities, nuclear and fossil decommissioning, revenue requirements.

**Expert Testimony Appearances
of
Lane Kollen
As of December 2018**

Date	Case	Jurisdic.	Party	Utility	Subject
11/97	97-204 (Rebuttal)	KY	Alcan Aluminum Corp. Southwire Co.	Big Rivers Electric Corp.	Restructuring, revenue requirements, reasonableness of rates, cost allocation.
11/97	U-22491	LA	Louisiana Public Service Commission Staff	Entergy Gulf States, Inc.	Allocation of regulated and nonregulated costs, other revenue requirement issues.
11/97	R-00973953 (Surrebuttal)	PA	Philadelphia Area Industrial Energy Users Group	PECO Energy Co.	Restructuring, deregulation, stranded costs, regulatory assets, liabilities, nuclear and fossil decommissioning.
11/97	R-973981	PA	West Penn Power Industrial Intervenors	West Penn Power Co.	Restructuring, deregulation, stranded costs, regulatory assets, liabilities, fossil decommissioning, revenue requirements, securitization.
11/97	R-974104	PA	Duquesne Industrial Intervenors	Duquesne Light Co.	Restructuring, deregulation, stranded costs, regulatory assets, liabilities, nuclear and fossil decommissioning, revenue requirements, securitization.
12/97	R-973981 (Surrebuttal)	PA	West Penn Power Industrial Intervenors	West Penn Power Co.	Restructuring, deregulation, stranded costs, regulatory assets, liabilities, fossil decommissioning, revenue requirements.
12/97	R-974104 (Surrebuttal)	PA	Duquesne Industrial Intervenors	Duquesne Light Co.	Restructuring, deregulation, stranded costs, regulatory assets, liabilities, nuclear and fossil decommissioning, revenue requirements, securitization.
1/98	U-22491 (Surrebuttal)	LA	Louisiana Public Service Commission Staff	Entergy Gulf States, Inc.	Allocation of regulated and nonregulated costs, other revenue requirement issues.
2/98	8774	MD	Westvaco	Potomac Edison Co.	Merger of Duquesne, AE, customer safeguards, savings sharing.
3/98	U-22092 (Allocated Stranded Cost Issues)	LA	Louisiana Public Service Commission Staff	Entergy Gulf States, Inc.	Restructuring, stranded costs, regulatory assets, securitization, regulatory mitigation.
3/98	8390-U	GA	Georgia Natural Gas Group, Georgia Textile Manufacturers Assoc.	Atlanta Gas Light Co.	Restructuring, unbundling, stranded costs, incentive regulation, revenue requirements.
3/98	U-22092 (Allocated Stranded Cost Issues) (Surrebuttal)	LA	Louisiana Public Service Commission Staff	Entergy Gulf States, Inc.	Restructuring, stranded costs, regulatory assets, securitization, regulatory mitigation.
3/98	U-22491 (Supplemental Surrebuttal)	LA	Louisiana Public Service Commission Staff	Entergy Gulf States, Inc.	Allocation of regulated and nonregulated costs, other revenue requirement issues.
10/98	97-596	ME	Maine Office of the Public Advocate	Bangor Hydro- Electric Co.	Restructuring, unbundling, stranded costs, T&D revenue requirements.

**Expert Testimony Appearances
of
Lane Kollen
As of December 2018**

Date	Case	Jurisdct.	Party	Utility	Subject
10/98	9355-U	GA	Georgia Public Service Commission Adversary Staff	Georgia Power Co.	Affiliate transactions.
10/98	U-17735 Rebuttal	LA	Louisiana Public Service Commission Staff	Cajun Electric Power Cooperative	G&T cooperative ratemaking policy, other revenue requirement issues.
11/98	U-23327	LA	Louisiana Public Service Commission Staff	SWEPCO, CSW and AEP	Merger policy, savings sharing mechanism, affiliate transaction conditions.
12/98	U-23358 (Direct)	LA	Louisiana Public Service Commission Staff	Entergy Gulf States, Inc.	Allocation of regulated and nonregulated costs, tax issues, and other revenue requirement issues.
12/98	98-577	ME	Maine Office of Public Advocate	Maine Public Service Co.	Restructuring, unbundling, stranded cost, T&D revenue requirements.
1/99	98-10-07	CT	Connecticut Industrial Energy Consumers	United Illuminating Co.	Stranded costs, investment tax credits, accumulated deferred income taxes, excess deferred income taxes.
3/99	U-23358 (Surrebuttal)	LA	Louisiana Public Service Commission Staff	Entergy Gulf States, Inc.	Allocation of regulated and nonregulated costs, tax issues, and other revenue requirement issues.
3/99	98-474	KY	Kentucky Industrial Utility Customers, Inc.	Louisville Gas and Electric Co.	Revenue requirements, alternative forms of regulation.
3/99	98-426	KY	Kentucky Industrial Utility Customers, Inc.	Kentucky Utilities Co.	Revenue requirements, alternative forms of regulation.
3/99	99-082	KY	Kentucky Industrial Utility Customers, Inc.	Louisville Gas and Electric Co.	Revenue requirements.
3/99	99-083	KY	Kentucky Industrial Utility Customers, Inc.	Kentucky Utilities Co.	Revenue requirements.
4/99	U-23358 (Supplemental Surrebuttal)	LA	Louisiana Public Service Commission Staff	Entergy Gulf States, Inc.	Allocation of regulated and nonregulated costs, tax issues, and other revenue requirement issues.
4/99	99-03-04	CT	Connecticut Industrial Energy Consumers	United Illuminating Co.	Regulatory assets and liabilities, stranded costs, recovery mechanisms.
4/99	99-02-05	CT	Connecticut Industrial Utility Customers	Connecticut Light and Power Co.	Regulatory assets and liabilities, stranded costs, recovery mechanisms.
5/99	98-426 99-082 (Additional Direct)	KY	Kentucky Industrial Utility Customers, Inc.	Louisville Gas and Electric Co.	Revenue requirements.
5/99	98-474 99-083 (Additional Direct)	KY	Kentucky Industrial Utility Customers, Inc.	Kentucky Utilities Co.	Revenue requirements.

**Expert Testimony Appearances
of
Lane Kollen
As of December 2018**

Date	Case	Jurisdiction	Party	Utility	Subject
5/99	98-426 98-474 (Response to Amended Applications)	KY	Kentucky Industrial Utility Customers, Inc.	Louisville Gas and Electric Co., Kentucky Utilities Co.	Alternative regulation.
6/99	97-596	ME	Maine Office of Public Advocate	Bangor Hydro-Electric Co.	Request for accounting order regarding electric industry restructuring costs.
7/99	U-23358	LA	Louisiana Public Service Commission Staff	Entergy Gulf States, Inc.	Affiliate transactions, cost allocations.
7/99	99-03-35	CT	Connecticut Industrial Energy Consumers	United Illuminating Co.	Stranded costs, regulatory assets, tax effects of asset divestiture.
7/99	U-23327	LA	Louisiana Public Service Commission Staff	Southwestern Electric Power Co., Central and South West Corp, American Electric Power Co.	Merger Settlement and Stipulation.
7/99	97-596 Surrebuttal	ME	Maine Office of Public Advocate	Bangor Hydro-Electric Co.	Restructuring, unbundling, stranded cost, T&D revenue requirements.
7/99	98-0452-E-GI	WV	West Virginia Energy Users Group	Monongahela Power, Potomac Edison, Appalachian Power, Wheeling Power	Regulatory assets and liabilities.
8/99	98-577 Surrebuttal	ME	Maine Office of Public Advocate	Maine Public Service Co.	Restructuring, unbundling, stranded costs, T&D revenue requirements.
8/99	98-426 99-082 Rebuttal	KY	Kentucky Industrial Utility Customers, Inc.	Louisville Gas and Electric Co.	Revenue requirements.
8/99	98-474 98-083 Rebuttal	KY	Kentucky Industrial Utility Customers, Inc.	Kentucky Utilities Co.	Revenue requirements.
8/99	98-0452-E-GI Rebuttal	WV	West Virginia Energy Users Group	Monongahela Power, Potomac Edison, Appalachian Power, Wheeling Power	Regulatory assets and liabilities.
10/99	U-24182 Direct	LA	Louisiana Public Service Commission Staff	Entergy Gulf States, Inc.	Allocation of regulated and nonregulated costs, affiliate transactions, tax issues, and other revenue requirement issues.
11/99	PUC Docket 21527	TX	The Dallas-Fort Worth Hospital Council and Coalition of Independent Colleges and Universities	TXU Electric	Restructuring, stranded costs, taxes, securitization.

**Expert Testimony Appearances
of
Lane Kollen
As of December 2018**

Date	Case	Jurisdic.	Party	Utility	Subject
11/99	U-23358 Surrebuttal Affiliate Transactions Review	LA	Louisiana Public Service Commission Staff	Entergy Gulf States, Inc.	Service company affiliate transaction costs.
01/00	U-24182 Surrebuttal	LA	Louisiana Public Service Commission Staff	Entergy Gulf States, Inc.	Allocation of regulated and nonregulated costs, affiliate transactions, tax issues, and other revenue requirement issues.
04/00	99-1212-EL-ETP 99-1213-EL-ATA 99-1214-EL-AAM	OH	Greater Cleveland Growth Association	First Energy (Cleveland Electric Illuminating, Toledo Edison)	Historical review, stranded costs, regulatory assets, liabilities.
05/00	2000-107	KY	Kentucky Industrial Utility Customers, Inc.	Kentucky Power Co.	ECR surcharge roll-in to base rates.
05/00	U-24182 Supplemental Direct	LA	Louisiana Public Service Commission Staff	Entergy Gulf States, Inc.	Affiliate expense proforma adjustments.
05/00	A-110550F0147	PA	Philadelphia Area Industrial Energy Users Group	PECO Energy	Merger between PECO and Unicom.
05/00	99-1658-EL-ETP	OH	AK Steel Corp.	Cincinnati Gas & Electric Co.	Regulatory transition costs, including regulatory assets and liabilities, SFAS 109, ADIT, EDIT, ITC.
07/00	PUC Docket 22344	TX	The Dallas-Fort Worth Hospital Council and The Coalition of Independent Colleges and Universities	Statewide Generic Proceeding	Escalation of O&M expenses for unbundled T&D revenue requirements in projected test year.
07/00	U-21453	LA	Louisiana Public Service Commission	SWEPCO	Stranded costs, regulatory assets and liabilities.
08/00	U-24064	LA	Louisiana Public Service Commission Staff	CLECO	Affiliate transaction pricing ratemaking principles, subsidization of nonregulated affiliates, ratemaking adjustments.
10/00	SOAH Docket 473-00-1015 PUC Docket 22350	TX	The Dallas-Fort Worth Hospital Council and The Coalition of Independent Colleges and Universities	TXU Electric Co.	Restructuring, T&D revenue requirements, mitigation, regulatory assets and liabilities.
10/00	R-00974104 Affidavit	PA	Duquesne Industrial Intervenors	Duquesne Light Co.	Final accounting for stranded costs, including treatment of auction proceeds, taxes, capital costs, switchback costs, and excess pension funding.
11/00	P-00001837 R-00974008 P-00001838 R-00974009	PA	Metropolitan Edison Industrial Users Group Penelec Industrial Customer Alliance	Metropolitan Edison Co., Pennsylvania Electric Co.	Final accounting for stranded costs, including treatment of auction proceeds, taxes, regulatory assets and liabilities, transaction costs.

**Expert Testimony Appearances
of
Lane Kollen
As of December 2018**

Date	Case	Jurisdic.	Party	Utility	Subject
12/00	U-21453, U-20925, U-22092 (Subdocket C) Surrebuttal	LA	Louisiana Public Service Commission Staff	SWEPCO	Stranded costs, regulatory assets.
01/01	U-24993 Direct	LA	Louisiana Public Service Commission Staff	Entergy Gulf States, Inc.	Allocation of regulated and nonregulated costs, tax issues, and other revenue requirement issues.
01/01	U-21453, U-20925, U-22092 (Subdocket B) Surrebuttal	LA	Louisiana Public Service Commission Staff	Entergy Gulf States, Inc.	Industry restructuring, business separation plan, organization structure, hold harmless conditions, financing.
01/01	Case No. 2000-386	KY	Kentucky Industrial Utility Customers, Inc.	Louisville Gas & Electric Co.	Recovery of environmental costs, surcharge mechanism.
01/01	Case No. 2000-439	KY	Kentucky Industrial Utility Customers, Inc.	Kentucky Utilities Co.	Recovery of environmental costs, surcharge mechanism.
02/01	A-110300F0095 A-110400F0040	PA	Met-Ed Industrial Users Group, Penelec Industrial Customer Alliance	GPU, Inc. FirstEnergy Corp.	Merger, savings, reliability.
03/01	P-00001860 P-00001861	PA	Met-Ed Industrial Users Group, Penelec Industrial Customer Alliance	Metropolitan Edison Co., Pennsylvania Electric Co.	Recovery of costs due to provider of last resort obligation.
04/01	U-21453, U-20925, U-22092 (Subdocket B) Settlement Term Sheet	LA	Louisiana Public Service Commission Staff	Entergy Gulf States, Inc.	Business separation plan: settlement agreement on overall plan structure.
04/01	U-21453, U-20925, U-22092 (Subdocket B) Contested Issues	LA	Louisiana Public Service Commission Staff	Entergy Gulf States, Inc.	Business separation plan: agreements, hold harmless conditions, separations methodology.
05/01	U-21453, U-20925, U-22092 (Subdocket B) Contested Issues Transmission and Distribution Rebuttal	LA	Louisiana Public Service Commission Staff	Entergy Gulf States, Inc.	Business separation plan: agreements, hold harmless conditions, separations methodology.

**Expert Testimony Appearances
of
Lane Kollen
As of December 2018**

Date	Case	Jurisdct.	Party	Utility	Subject
07/01	U-21453, U-20925, U-22092 (Subdocket B) Transmission and Distribution Term Sheet	LA	Louisiana Public Service Commission Staff	Entergy Gulf States, Inc.	Business separation plan: settlement agreement on T&D issues, agreements necessary to implement T&D separations, hold harmless conditions, separations methodology.
10/01	14000-U	GA	Georgia Public Service Commission Adversary Staff	Georgia Power Company	Revenue requirements, Rate Plan, fuel clause recovery.
11/01	14311-U Direct Panel with Bolin Killings	GA	Georgia Public Service Commission Adversary Staff	Atlanta Gas Light Co	Revenue requirements, revenue forecast, O&M expense, depreciation, plant additions, cash working capital.
11/01	U-25687 Direct	LA	Louisiana Public Service Commission Staff	Entergy Gulf States, Inc.	Revenue requirements, capital structure, allocation of regulated and nonregulated costs, River Bend uprate.
02/02	PUC Docket 25230	TX	The Dallas-Fort Worth Hospital Council and the Coalition of Independent Colleges and Universities	TXU Electric	Stipulation. Regulatory assets, securitization financing.
02/02	U-25687 Surrebuttal	LA	Louisiana Public Service Commission Staff	Entergy Gulf States, Inc.	Revenue requirements, corporate franchise tax, conversion to LLC, River Bend uprate.
03/02	14311-U Rebuttal Panel with Bolin Killings	GA	Georgia Public Service Commission Adversary Staff	Atlanta Gas Light Co.	Revenue requirements, earnings sharing plan, service quality standards.
03/02	14311-U Rebuttal Panel with Michelle L. Thebert	GA	Georgia Public Service Commission Adversary Staff	Atlanta Gas Light Co.	Revenue requirements, revenue forecast, O&M expense, depreciation, plant additions, cash working capital.
03/02	001148-EI	FL	South Florida Hospital and Healthcare Assoc.	Florida Power & Light Co.	Revenue requirements. Nuclear life extension, storm damage accruals and reserve, capital structure, O&M expense.
04/02	U-25687 (Suppl. Surrebuttal)	LA	Louisiana Public Service Commission	Entergy Gulf States, Inc.	Revenue requirements, corporate franchise tax, conversion to LLC, River Bend uprate.
04/02	U-21453, U-20925 U-22092 (Subdocket C)	LA	Louisiana Public Service Commission	SWEPCO	Business separation plan, T&D Term Sheet, separations methodologies, hold harmless conditions.
08/02	EL01-88-000	FERC	Louisiana Public Service Commission	Entergy Services, Inc. and the Entergy Operating Companies	System Agreement, production cost equalization, tariffs.
08/02	U-25888	LA	Louisiana Public Service Commission Staff	Entergy Gulf States, Inc. and Entergy Louisiana, Inc.	System Agreement, production cost disparities, prudence.

**Expert Testimony Appearances
of
Lane Kollen
As of December 2018**

Date	Case	Jurisdic.	Party	Utility	Subject
09/02	2002-00224 2002-00225	KY	Kentucky Industrial Utilities Customers, Inc.	Kentucky Utilities Co., Louisville Gas & Electric Co.	Line losses and fuel clause recovery associated with off-system sales.
11/02	2002-00146 2002-00147	KY	Kentucky Industrial Utilities Customers, Inc.	Kentucky Utilities Co., Louisville Gas & Electric Co.	Environmental compliance costs and surcharge recovery.
01/03	2002-00169	KY	Kentucky Industrial Utilities Customers, Inc.	Kentucky Power Co.	Environmental compliance costs and surcharge recovery.
04/03	2002-00429 2002-00430	KY	Kentucky Industrial Utilities Customers, Inc.	Kentucky Utilities Co., Louisville Gas & Electric Co.	Extension of merger surcredit, flaws in Companies' studies.
04/03	U-26527	LA	Louisiana Public Service Commission Staff	Entergy Gulf States, Inc.	Revenue requirements, corporate franchise tax, conversion to LLC, capital structure, post-test year adjustments.
06/03	EL01-88-000 Rebuttal	FERC	Louisiana Public Service Commission	Entergy Services, Inc. and the Entergy Operating Companies	System Agreement, production cost equalization, tariffs.
06/03	2003-00068	KY	Kentucky Industrial Utility Customers	Kentucky Utilities Co.	Environmental cost recovery, correction of base rate error.
11/03	ER03-753-000	FERC	Louisiana Public Service Commission	Entergy Services, Inc. and the Entergy Operating Companies	Unit power purchases and sale cost-based tariff pursuant to System Agreement.
11/03	ER03-583-000, ER03-583-001, ER03-583-002 ER03-681-000, ER03-681-001 ER03-682-000, ER03-682-001, ER03-682-002 ER03-744-000, ER03-744-001 (Consolidated)	FERC	Louisiana Public Service Commission	Entergy Services, Inc., the Entergy Operating Companies, EWO Marketing, L.P, and Entergy Power, Inc.	Unit power purchases and sale agreements, contractual provisions, projected costs, levelized rates, and formula rates.
12/03	U-26527 Surrebuttal	LA	Louisiana Public Service Commission Staff	Entergy Gulf States, Inc.	Revenue requirements, corporate franchise tax, conversion to LLC, capital structure, post-test year adjustments.
12/03	2003-0334 2003-0335	KY	Kentucky Industrial Utility Customers, Inc.	Kentucky Utilities Co., Louisville Gas & Electric Co.	Earnings Sharing Mechanism.
12/03	U-27136	LA	Louisiana Public Service Commission Staff	Entergy Louisiana, Inc.	Purchased power contracts between affiliates, terms and conditions.

**Expert Testimony Appearances
of
Lane Kollen
As of December 2018**

Date	Case	Jurisdic.	Party	Utility	Subject
03/04	U-26527 Supplemental Surrebuttal	LA	Louisiana Public Service Commission Staff	Entergy Gulf States, Inc.	Revenue requirements, corporate franchise tax, conversion to LLC, capital structure, post-test year adjustments.
03/04	2003-00433	KY	Kentucky Industrial Utility Customers, Inc.	Louisville Gas & Electric Co.	Revenue requirements, depreciation rates, O&M expense, deferrals and amortization, earnings sharing mechanism, merger surcredit, VDT surcredit.
03/04	2003-00434	KY	Kentucky Industrial Utility Customers, Inc.	Kentucky Utilities Co.	Revenue requirements, depreciation rates, O&M expense, deferrals and amortization, earnings sharing mechanism, merger surcredit, VDT surcredit.
03/04	SOAH Docket 473-04-2459 PUC Docket 29206	TX	Cities Served by Texas- New Mexico Power Co.	Texas-New Mexico Power Co.	Stranded costs true-up, including valuation issues, ITC, ADIT, excess earnings.
05/04	04-169-EL-UNC	OH	Ohio Energy Group, Inc.	Columbus Southern Power Co. & Ohio Power Co.	Rate stabilization plan, deferrals, T&D rate increases, earnings.
06/04	SOAH Docket 473-04-4555 PUC Docket 29526	TX	Houston Council for Health and Education	CenterPoint Energy Houston Electric	Stranded costs true-up, including valuation issues, ITC, EDIT, excess mitigation credits, capacity auction true-up revenues, interest.
08/04	SOAH Docket 473-04-4555 PUC Docket 29526 (Suppl Direct)	TX	Houston Council for Health and Education	CenterPoint Energy Houston Electric	Interest on stranded cost pursuant to Texas Supreme Court remand.
09/04	U-23327 Subdocket B	LA	Louisiana Public Service Commission Staff	SWEPCO	Fuel and purchased power expenses recoverable through fuel adjustment clause, trading activities, compliance with terms of various LPSC Orders.
10/04	U-23327 Subdocket A	LA	Louisiana Public Service Commission Staff	SWEPCO	Revenue requirements.
12/04	Case Nos. 2004-00321, 2004-00372	KY	Gallatin Steel Co.	East Kentucky Power Cooperative, Inc., Big Sandy Recc, et al.	Environmental cost recovery, qualified costs, TIER requirements, cost allocation.
01/05	30485	TX	Houston Council for Health and Education	CenterPoint Energy Houston Electric, LLC	Stranded cost true-up including regulatory Central Co. assets and liabilities, ITC, EDIT, capacity auction, proceeds, excess mitigation credits, retrospective and prospective ADIT.
02/05	18638-U	GA	Georgia Public Service Commission Adversary Staff	Atlanta Gas Light Co.	Revenue requirements.
02/05	18638-U Panel with Tony Wackerly	GA	Georgia Public Service Commission Adversary Staff	Atlanta Gas Light Co.	Comprehensive rate plan, pipeline replacement program surcharge, performance based rate plan.

**Expert Testimony Appearances
of
Lane Kollen
As of December 2018**

Date	Case	Jurisdic.	Party	Utility	Subject
02/05	18638-U Panel with Michelle Thebert	GA	Georgia Public Service Commission Adversary Staff	Atlanta Gas Light Co.	Energy conservation, economic development, and tariff issues.
03/05	Case Nos. 2004-00426, 2004-00421	KY	Kentucky Industrial Utility Customers, Inc.	Kentucky Utilities Co., Louisville Gas & Electric	Environmental cost recovery, Jobs Creation Act of 2004 and §199 deduction, excess common equity ratio, deferral and amortization of nonrecurring O&M expense.
06/05	2005-00068	KY	Kentucky Industrial Utility Customers, Inc.	Kentucky Power Co.	Environmental cost recovery, Jobs Creation Act of 2004 and §199 deduction, margins on allowances used for AEP system sales.
06/05	050045-EI	FL	South Florida Hospital and Healthcare Assoc.	Florida Power & Light Co.	Storm damage expense and reserve, RTO costs, O&M expense projections, return on equity performance incentive, capital structure, selective second phase post-test year rate increase.
08/05	31056	TX	Alliance for Valley Healthcare	AEP Texas Central Co.	Stranded cost true-up including regulatory assets and liabilities, ITC, EDIT, capacity auction, proceeds, excess mitigation credits, retrospective and prospective ADIT.
09/05	20298-U	GA	Georgia Public Service Commission Adversary Staff	Atmos Energy Corp.	Revenue requirements, roll-in of surcharges, cost recovery through surcharge, reporting requirements.
09/05	20298-U Panel with Victoria Taylor	GA	Georgia Public Service Commission Adversary Staff	Atmos Energy Corp.	Affiliate transactions, cost allocations, capitalization, cost of debt.
10/05	04-42	DE	Delaware Public Service Commission Staff	Artesian Water Co.	Allocation of tax net operating losses between regulated and unregulated.
11/05	2005-00351 2005-00352	KY	Kentucky Industrial Utility Customers, Inc.	Kentucky Utilities Co., Louisville Gas & Electric	Workforce Separation Program cost recovery and shared savings through VDT surcredit.
01/06	2005-00341	KY	Kentucky Industrial Utility Customers, Inc.	Kentucky Power Co.	System Sales Clause Rider, Environmental Cost Recovery Rider, Net Congestion Rider, Storm damage, vegetation management program, depreciation, off-system sales, maintenance normalization, pension and OPEB.
03/06	PUC Docket 31994	TX	Cities	Texas-New Mexico Power Co.	Stranded cost recovery through competition transition or change.
05/06	31994 Supplemental	TX	Cities	Texas-New Mexico Power Co.	Retrospective ADFIT, prospective ADFIT.
03/06	U-21453, U-20925, U-22092 (Subdocket B)	LA	Louisiana Public Service Commission Staff	Entergy Gulf States, Inc.	Jurisdictional separation plan.

**Expert Testimony Appearances
of
Lane Kollen
As of December 2018**

Date	Case	Jurisdct.	Party	Utility	Subject
03/06	NOPR Reg 104385-OR	IRS	Alliance for Valley Health Care and Houston Council for Health Education	AEP Texas Central Company and CenterPoint Energy Houston Electric	Proposed Regulations affecting flow- through to ratepayers of excess deferred income taxes and investment tax credits on generation plant that is sold or deregulated.
04/06	U-25116	LA	Louisiana Public Service Commission Staff	Entergy Louisiana, Inc.	2002-2004 Audit of Fuel Adjustment Clause Filings. Affiliate transactions.
07/06	R-00061366, Et. al.	PA	Met-Ed Ind. Users Group Pennsylvania Ind. Customer Alliance	Metropolitan Edison Co., Pennsylvania Electric Co.	Recovery of NUG-related stranded costs, government mandated program costs, storm damage costs.
07/06	U-23327	LA	Louisiana Public Service Commission Staff	Southwestern Electric Power Co.	Revenue requirements, formula rate plan, banking proposal.
08/06	U-21453, U-20925, U-22092 (Subdocket J)	LA	Louisiana Public Service Commission Staff	Entergy Gulf States, Inc.	Jurisdictional separation plan.
11/06	05CVH03-3375 Franklin County Court Affidavit	OH	Various Taxing Authorities (Non-Utility Proceeding)	State of Ohio Department of Revenue	Accounting for nuclear fuel assemblies as manufactured equipment and capitalized plant.
12/06	U-23327 Subdocket A Reply Testimony	LA	Louisiana Public Service Commission Staff	Southwestern Electric Power Co.	Revenue requirements, formula rate plan, banking proposal.
03/07	U-29764	LA	Louisiana Public Service Commission Staff	Entergy Gulf States, Inc., Entergy Louisiana, LLC	Jurisdictional allocation of Entergy System Agreement equalization remedy receipts.
03/07	PUC Docket 33309	TX	Cities	AEP Texas Central Co.	Revenue requirements, including functionalization of transmission and distribution costs.
03/07	PUC Docket 33310	TX	Cities	AEP Texas North Co.	Revenue requirements, including functionalization of transmission and distribution costs.
03/07	2006-00472	KY	Kentucky Industrial Utility Customers, Inc.	East Kentucky Power Cooperative	Interim rate increase, RUS loan covenants, credit facility requirements, financial condition.
03/07	U-29157	LA	Louisiana Public Service Commission Staff	Cleco Power, LLC	Permanent (Phase II) storm damage cost recovery.
04/07	U-29764 Supplemental and Rebuttal	LA	Louisiana Public Service Commission Staff	Entergy Gulf States, Inc., Entergy Louisiana, LLC	Jurisdictional allocation of Entergy System Agreement equalization remedy receipts.
04/07	ER07-682-000 Affidavit	FERC	Louisiana Public Service Commission	Entergy Services, Inc. and the Entergy Operating Companies	Allocation of intangible and general plant and A&G expenses to production and state income tax effects on equalization remedy receipts.
04/07	ER07-684-000 Affidavit	FERC	Louisiana Public Service Commission	Entergy Services, Inc. and the Entergy Operating Companies	Fuel hedging costs and compliance with FERC USOA.

**Expert Testimony Appearances
of
Lane Kollen
As of December 2018**

Date	Case	Jurisdic.	Party	Utility	Subject
05/07	ER07-682-000 Supplemental Affidavit	FERC	Louisiana Public Service Commission	Entergy Services, Inc. and the Entergy Operating Companies	Allocation of intangible and general plant and A&G expenses to production and account 924 effects on MSS-3 equalization remedy payments and receipts.
06/07	U-29764	LA	Louisiana Public Service Commission Staff	Entergy Louisiana, LLC, Entergy Gulf States, Inc.	Show cause for violating LPSC Order on fuel hedging costs.
07/07	2006-00472	KY	Kentucky Industrial Utility Customers, Inc.	East Kentucky Power Cooperative	Revenue requirements, post-test year adjustments, TIER, surcharge revenues and costs, financial need.
07/07	ER07-956-000 Affidavit	FERC	Louisiana Public Service Commission	Entergy Services, Inc.	Storm damage costs related to Hurricanes Katrina and Rita and effects of MSS-3 equalization payments and receipts.
10/07	05-UR-103 Direct	WI	Wisconsin Industrial Energy Group	Wisconsin Electric Power Company, Wisconsin Gas, LLC	Revenue requirements, carrying charges on CWIP, amortization and return on regulatory assets, working capital, incentive compensation, use of rate base in lieu of capitalization, quantification and use of Point Beach sale proceeds.
10/07	05-UR-103 Surrebuttal	WI	Wisconsin Industrial Energy Group	Wisconsin Electric Power Company, Wisconsin Gas, LLC	Revenue requirements, carrying charges on CWIP, amortization and return on regulatory assets, working capital, incentive compensation, use of rate base in lieu of capitalization, quantification and use of Point Beach sale proceeds.
10/07	25060-U Direct	GA	Georgia Public Service Commission Public Interest Adversary Staff	Georgia Power Company	Affiliate costs, incentive compensation, consolidated income taxes, §199 deduction.
11/07	06-0033-E-CN Direct	WV	West Virginia Energy Users Group	Appalachian Power Company	IGCC surcharge during construction period and post-in-service date.
11/07	ER07-682-000 Direct	FERC	Louisiana Public Service Commission	Entergy Services, Inc. and the Entergy Operating Companies	Functionalization and allocation of intangible and general plant and A&G expenses.
01/08	ER07-682-000 Cross-Answering	FERC	Louisiana Public Service Commission	Entergy Services, Inc. and the Entergy Operating Companies	Functionalization and allocation of intangible and general plant and A&G expenses.
01/08	07-551-EL-AIR Direct	OH	Ohio Energy Group, Inc.	Ohio Edison Company, Cleveland Electric Illuminating Company, Toledo Edison Company	Revenue requirements.
02/08	ER07-956-000 Direct	FERC	Louisiana Public Service Commission	Entergy Services, Inc. and the Entergy Operating Companies	Functionalization of expenses, storm damage expense and reserves, tax NOL carrybacks in accounts, ADIT, nuclear service lives and effects on depreciation and decommissioning.

**Expert Testimony Appearances
of
Lane Kollen
As of December 2018**

Date	Case	Jurisdic.	Party	Utility	Subject
03/08	ER07-956-000 Cross-Answering	FERC	Louisiana Public Service Commission	Entergy Services, Inc. and the Entergy Operating Companies	Functionalization of expenses, storm damage expense and reserves, tax NOL carrybacks in accounts, ADIT, nuclear service lives and effects on depreciation and decommissioning.
04/08	2007-00562, 2007-00563	KY	Kentucky Industrial Utility Customers, Inc.	Kentucky Utilities Co., Louisville Gas and Electric Co.	Merger surcredit.
04/08	26837 Direct Bond, Johnson, Thebert, Kollen Panel	GA	Georgia Public Service Commission Staff	SCANA Energy Marketing, Inc.	Rule Nisi complaint.
05/08	26837 Rebuttal Bond, Johnson, Thebert, Kollen Panel	GA	Georgia Public Service Commission Staff	SCANA Energy Marketing, Inc.	Rule Nisi complaint.
05/08	26837 Suppl Rebuttal Bond, Johnson, Thebert, Kollen Panel	GA	Georgia Public Service Commission Staff	SCANA Energy Marketing, Inc.	Rule Nisi complaint.
06/08	2008-00115	KY	Kentucky Industrial Utility Customers, Inc.	East Kentucky Power Cooperative, Inc.	Environmental surcharge recoveries, including costs recovered in existing rates, TIER.
07/08	27163 Direct	GA	Georgia Public Service Commission Public Interest Advocacy Staff	Atmos Energy Corp.	Revenue requirements, including projected test year rate base and expenses.
07/08	27163 Taylor, Kollen Panel	GA	Georgia Public Service Commission Public Interest Advocacy Staff	Atmos Energy Corp.	Affiliate transactions and division cost allocations, capital structure, cost of debt.
08/08	6680-CE-170 Direct	WI	Wisconsin Industrial Energy Group, Inc.	Wisconsin Power and Light Company	Nelson Dewey 3 or Colombia 3 fixed financial parameters.
08/08	6680-UR-116 Direct	WI	Wisconsin Industrial Energy Group, Inc.	Wisconsin Power and Light Company	CWIP in rate base, labor expenses, pension expense, financing, capital structure, decoupling.
08/08	6680-UR-116 Rebuttal	WI	Wisconsin Industrial Energy Group, Inc.	Wisconsin Power and Light Company	Capital structure.
08/08	6690-UR-119 Direct	WI	Wisconsin Industrial Energy Group, Inc.	Wisconsin Public Service Corp.	Prudence of Weston 3 outage, incentive compensation, Crane Creek Wind Farm incremental revenue requirement, capital structure.
09/08	6690-UR-119 Surrebuttal	WI	Wisconsin Industrial Energy Group, Inc.	Wisconsin Public Service Corp.	Prudence of Weston 3 outage, Section 199 deduction.

**Expert Testimony Appearances
of
Lane Kollen
As of December 2018**

Date	Case	Jurisdct.	Party	Utility	Subject
09/08	08-935-EL-SSO, 08-918-EL-SSO	OH	Ohio Energy Group, Inc.	First Energy	Standard service offer rates pursuant to electric security plan, significantly excessive earnings test.
10/08	08-917-EL-SSO	OH	Ohio Energy Group, Inc.	AEP	Standard service offer rates pursuant to electric security plan, significantly excessive earnings test.
10/08	2007-00564, 2007-00565, 2008-00251 2008-00252	KY	Kentucky Industrial Utility Customers, Inc.	Louisville Gas and Electric Co., Kentucky Utilities Company	Revenue forecast, affiliate costs, ELG v ASL depreciation procedures, depreciation expenses, federal and state income tax expense, capitalization, cost of debt.
11/08	EL08-51	FERC	Louisiana Public Service Commission	Entergy Services, Inc.	Spindletop gas storage facilities, regulatory asset and bandwidth remedy.
11/08	35717	TX	Cities Served by Oncor Delivery Company	Oncor Delivery Company	Recovery of old meter costs, asset ADFIT, cash working capital, recovery of prior year restructuring costs, levelized recovery of storm damage costs, prospective storm damage accrual, consolidated tax savings adjustment.
12/08	27800	GA	Georgia Public Service Commission	Georgia Power Company	AFUDC versus CWIP in rate base, mirror CWIP, certification cost, use of short term debt and trust preferred financing, CWIP recovery, regulatory incentive.
01/09	ER08-1056	FERC	Louisiana Public Service Commission	Entergy Services, Inc.	Entergy System Agreement bandwidth remedy calculations, including depreciation expense, ADIT, capital structure.
01/09	ER08-1056 Supplemental Direct	FERC	Louisiana Public Service Commission	Entergy Services, Inc.	Blytheville leased turbines; accumulated depreciation.
02/09	EL08-51 Rebuttal	FERC	Louisiana Public Service Commission	Entergy Services, Inc.	Spindletop gas storage facilities regulatory asset and bandwidth remedy.
02/09	2008-00409 Direct	KY	Kentucky Industrial Utility Customers, Inc.	East Kentucky Power Cooperative, Inc.	Revenue requirements.
03/09	ER08-1056 Answering	FERC	Louisiana Public Service Commission	Entergy Services, Inc.	Entergy System Agreement bandwidth remedy calculations, including depreciation expense, ADIT, capital structure.
03/09	U-21453, U-20925 U-22092 (Sub J) Direct	LA	Louisiana Public Service Commission Staff	Entergy Gulf States Louisiana, LLC	Violation of EGSI separation order, ETI and EGSL separation accounting, Spindletop regulatory asset.
04/09	Rebuttal				
04/09	2009-00040 Direct-Interim (Oral)	KY	Kentucky Industrial Utility Customers, Inc.	Big Rivers Electric Corp.	Emergency interim rate increase; cash requirements.

**Expert Testimony Appearances
of
Lane Kollen
As of December 2018**

Date	Case	Jurisdiction	Party	Utility	Subject
04/09	PUC Docket 36530	TX	State Office of Administrative Hearings	Oncor Electric Delivery Company, LLC	Rate case expenses.
05/09	ER08-1056 Rebuttal	FERC	Louisiana Public Service Commission	Entergy Services, Inc.	Entergy System Agreement bandwidth remedy calculations, including depreciation expense, ADIT, capital structure.
06/09	2009-00040 Direct-Permanent	KY	Kentucky Industrial Utility Customers, Inc.	Big Rivers Electric Corp.	Revenue requirements, TIER, cash flow.
07/09	080677-EI	FL	South Florida Hospital and Healthcare Association	Florida Power & Light Company	Multiple test years, GBRA rider, forecast assumptions, revenue requirement, O&M expense, depreciation expense, Economic Stimulus Bill, capital structure.
08/09	U-21453, U-20925, U-22092 (Subdocket J) Supplemental Rebuttal	LA	Louisiana Public Service Commission	Entergy Gulf States Louisiana, LLC	Violation of EGSI separation order, ETI and EGSL separation accounting, Spindletop regulatory asset.
08/09	8516 and 29950	GA	Georgia Public Service Commission Staff	Atlanta Gas Light Company	Modification of PRP surcharge to include infrastructure costs.
09/09	05-UR-104 Direct and Surrebuttal	WI	Wisconsin Industrial Energy Group	Wisconsin Electric Power Company	Revenue requirements, incentive compensation, depreciation, deferral mitigation, capital structure, cost of debt.
09/09	09AL-299E Answer	CO	CF&I Steel, Rocky Mountain Steel Mills LP, Climax Molybdenum Company	Public Service Company of Colorado	Forecasted test year, historic test year, proforma adjustments for major plant additions, tax depreciation.
09/09	6680-UR-117 Direct and Surrebuttal	WI	Wisconsin Industrial Energy Group	Wisconsin Power and Light Company	Revenue requirements, CWIP in rate base, deferral mitigation, payroll, capacity shutdowns, regulatory assets, rate of return.
10/09	09A-415E Answer	CO	Cripple Creek & Victor Gold Mining Company, et al.	Black Hills/CO Electric Utility Company	Cost prudence, cost sharing mechanism.
10/09	EL09-50 Direct	FERC	Louisiana Public Service Commission	Entergy Services, Inc.	Waterford 3 sale/leaseback accumulated deferred income taxes, Entergy System Agreement bandwidth remedy calculations.
10/09	2009-00329	KY	Kentucky Industrial Utility Customers, Inc.	Louisville Gas and Electric Company, Kentucky Utilities Company	Trimble County 2 depreciation rates.
12/09	PUE-2009-00030	VA	Old Dominion Committee for Fair Utility Rates	Appalachian Power Company	Return on equity incentive.

**Expert Testimony Appearances
of
Lane Kollen
As of December 2018**

Date	Case	Jurisdct.	Party	Utility	Subject
12/09	ER09-1224 Direct	FERC	Louisiana Public Service Commission	Entergy Services, Inc.	Hypothetical versus actual costs, out of period costs, Spindletop deferred capital costs, Waterford 3 sale/leaseback ADIT.
01/10	ER09-1224 Cross-Answering	FERC	Louisiana Public Service Commission	Entergy Services, Inc.	Hypothetical versus actual costs, out of period costs, Spindletop deferred capital costs, Waterford 3 sale/leaseback ADIT.
01/10	EL09-50 Rebuttal Supplemental Rebuttal	FERC	Louisiana Public Service Commission	Entergy Services, Inc.	Waterford 3 sale/leaseback accumulated deferred income taxes, Entergy System Agreement bandwidth remedy calculations.
02/10	ER09-1224 Final	FERC	Louisiana Public Service Commission	Entergy Services, Inc.	Hypothetical versus actual costs, out of period costs, Spindletop deferred capital costs, Waterford 3 sale/leaseback ADIT.
02/10	30442 Wackerly-Kollen Panel	GA	Georgia Public Service Commission Staff	Atmos Energy Corporation	Revenue requirement issues.
02/10	30442 McBride-Kollen Panel	GA	Georgia Public Service Commission Staff	Atmos Energy Corporation	Affiliate/division transactions, cost allocation, capital structure.
02/10	2009-00353	KY	Kentucky Industrial Utility Customers, Inc., Attorney General	Louisville Gas and Electric Company, Kentucky Utilities Company	Ratemaking recovery of wind power purchased power agreements.
03/10	2009-00545	KY	Kentucky Industrial Utility Customers, Inc.	Kentucky Power Company	Ratemaking recovery of wind power purchased power agreement.
03/10	E015/GR-09-1151	MN	Large Power Interveners	Minnesota Power	Revenue requirement issues, cost overruns on environmental retrofit project.
03/10	EL10-55	FERC	Louisiana Public Service Commission	Entergy Services, Inc., Entergy Operating Cos	Depreciation expense and effects on System Agreement tariffs.
04/10	2009-00459	KY	Kentucky Industrial Utility Customers, Inc.	Kentucky Power Company	Revenue requirement issues.
04/10	2009-00548, 2009-00549	KY	Kentucky Industrial Utility Customers, Inc.	Kentucky Utilities Company, Louisville Gas and Electric Company	Revenue requirement issues.
08/10	31647	GA	Georgia Public Service Commission Staff	Atlanta Gas Light Company	Revenue requirement and synergy savings issues.
08/10	31647 Wackerly-Kollen Panel	GA	Georgia Public Service Commission Staff	Atlanta Gas Light Company	Affiliate transaction and Customer First program issues.

**Expert Testimony Appearances
of
Lane Kollen
As of December 2018**

Date	Case	Jurisdic.	Party	Utility	Subject
08/10	2010-00204	KY	Kentucky Industrial Utility Customers, Inc.	Louisville Gas and Electric Company, Kentucky Utilities Company	PPL acquisition of E.ON U.S. (LG&E and KU) conditions, acquisition savings, sharing deferral mechanism.
09/10	38339 Direct and Cross-Rebuttal	TX	Gulf Coast Coalition of Cities	CenterPoint Energy Houston Electric	Revenue requirement issues, including consolidated tax savings adjustment, incentive compensation FIN 48; AMS surcharge including roll-in to base rates; rate case expenses.
09/10	EL10-55	FERC	Louisiana Public Service Commission	Entergy Services, Inc., Entergy Operating Cos	Depreciation rates and expense input effects on System Agreement tariffs.
09/10	2010-00167	KY	Gallatin Steel	East Kentucky Power Cooperative, Inc.	Revenue requirements.
09/10	U-23327 Subdocket E Direct	LA	Louisiana Public Service Commission	SWEPCO	Fuel audit: S02 allowance expense, variable O&M expense, off-system sales margin sharing.
11/10	U-23327 Rebuttal	LA	Louisiana Public Service Commission	SWEPCO	Fuel audit: S02 allowance expense, variable O&M expense, off-system sales margin sharing.
09/10	U-31351	LA	Louisiana Public Service Commission Staff	SWEPCO and Valley Electric Membership Cooperative	Sale of Valley assets to SWEPCO and dissolution of Valley.
10/10	10-1261-EL-UNC	OH	Ohio OCC, Ohio Manufacturers Association, Ohio Energy Group, Ohio Hospital Association, Appalachian Peace and Justice Network	Columbus Southern Power Company	Significantly excessive earnings test.
10/10	10-0713-E-PC	WV	West Virginia Energy Users Group	Monongahela Power Company, Potomac Edison Power Company	Merger of First Energy and Allegheny Energy.
10/10	U-23327 Subdocket F Direct	LA	Louisiana Public Service Commission Staff	SWEPCO	AFUDC adjustments in Formula Rate Plan.
11/10	EL10-55 Rebuttal	FERC	Louisiana Public Service Commission	Entergy Services, Inc., Entergy Operating Cos	Depreciation rates and expense input effects on System Agreement tariffs.
12/10	ER10-1350 Direct	FERC	Louisiana Public Service Commission	Entergy Services, Inc. Entergy Operating Cos	Waterford 3 lease amortization, ADIT, and fuel inventory effects on System Agreement tariffs.
01/11	ER10-1350 Cross-Answering	FERC	Louisiana Public Service Commission	Entergy Services, Inc., Entergy Operating Cos	Waterford 3 lease amortization, ADIT, and fuel inventory effects on System Agreement tariffs.

**Expert Testimony Appearances
of
Lane Kollen
As of December 2018**

Date	Case	Jurisdic.	Party	Utility	Subject
03/11	ER10-2001 Direct	FERC	Louisiana Public Service Commission	Entergy Services, Inc., Entergy Arkansas, Inc.	EAI depreciation rates.
04/11	Cross-Answering				
04/11	U-23327 Subdocket E	LA	Louisiana Public Service Commission Staff	SWEPCO	Settlement, incl resolution of SO2 allowance expense, var O&M expense, sharing of OSS margins.
04/11	38306 Direct	TX	Cities Served by Texas- New Mexico Power Company	Texas-New Mexico Power Company	AMS deployment plan, AMS Surcharge, rate case expenses.
05/11	Suppl Direct				
05/11	11-0274-E-GI	WV	West Virginia Energy Users Group	Appalachian Power Company, Wheeling Power Company	Deferral recovery phase-in, construction surcharge.
05/11	2011-00036	KY	Kentucky Industrial Utility Customers, Inc.	Big Rivers Electric Corp.	Revenue requirements.
06/11	29849	GA	Georgia Public Service Commission Staff	Georgia Power Company	Accounting issues related to Vogtle risk-sharing mechanism.
07/11	ER11-2161 Direct and Answering	FERC	Louisiana Public Service Commission	Entergy Services, Inc. and Entergy Texas, Inc.	ETI depreciation rates; accounting issues.
07/11	PUE-2011-00027	VA	Virginia Committee for Fair Utility Rates	Virginia Electric and Power Company	Return on equity performance incentive.
07/11	11-346-EL-SSO 11-348-EL-SSO 11-349-EL-AAM 11-350-EL-AAM	OH	Ohio Energy Group	AEP-OH	Equity Stabilization Incentive Plan; actual earned returns; ADIT offsets in riders.
08/11	U-23327 Subdocket F Rebuttal	LA	Louisiana Public Service Commission Staff	SWEPCO	Depreciation rates and service lives; AFUDC adjustments.
08/11	05-UR-105	WI	Wisconsin Industrial Energy Group	WE Energies, Inc.	Suspended amortization expenses; revenue requirements.
08/11	ER11-2161 Cross-Answering	FERC	Louisiana Public Service Commission	Entergy Services, Inc. and Entergy Texas, Inc.	ETI depreciation rates; accounting issues.
09/11	PUC Docket 39504	TX	Gulf Coast Coalition of Cities	CenterPoint Energy Houston Electric	Investment tax credit, excess deferred income taxes; normalization.
09/11	2011-00161 2011-00162	KY	Kentucky Industrial Utility Consumers, Inc.	Louisville Gas & Electric Company, Kentucky Utilities Company	Environmental requirements and financing.
10/11	11-4571-EL-UNC 11-4572-EL-UNC	OH	Ohio Energy Group	Columbus Southern Power Company, Ohio Power Company	Significantly excessive earnings.

**Expert Testimony Appearances
of
Lane Kollen
As of December 2018**

Date	Case	Jurisdic.	Party	Utility	Subject
10/11	4220-UR-117 Direct	WI	Wisconsin Industrial Energy Group	Northern States Power-Wisconsin	Nuclear O&M, depreciation.
11/11	4220-UR-117 Surrebuttal	WI	Wisconsin Industrial Energy Group	Northern States Power-Wisconsin	Nuclear O&M, depreciation.
11/11	PUC Docket 39722	TX	Cities Served by AEP Texas Central Company	AEP Texas Central Company	Investment tax credit, excess deferred income taxes; normalization.
02/12	PUC Docket 40020	TX	Cities Served by Oncor	Lone Star Transmission, LLC	Temporary rates.
03/12	11AL-947E Answer	CO	Climax Molybdenum Company and CF&I Steel, L.P. d/b/a Evraz Rocky Mountain Steel	Public Service Company of Colorado	Revenue requirements, including historic test year, future test year, CACJA CWIP, contra-AFUDC.
03/12	2011-00401	KY	Kentucky Industrial Utility Customers, Inc.	Kentucky Power Company	Big Sandy 2 environmental retrofits and environmental surcharge recovery.
4/12	2011-00036 Direct Rehearing Supplemental Direct Rehearing	KY	Kentucky Industrial Utility Customers, Inc.	Big Rivers Electric Corp.	Rate case expenses, depreciation rates and expense.
04/12	10-2929-EL-UNC	OH	Ohio Energy Group	AEP Ohio Power	State compensation mechanism, CRES capacity charges, Equity Stabilization Mechanism
05/12	11-346-EL-SSO 11-348-EL-SSO	OH	Ohio Energy Group	AEP Ohio Power	State compensation mechanism, Equity Stabilization Mechanism, Retail Stability Rider.
05/12	11-4393-EL-RDR	OH	Ohio Energy Group	Duke Energy Ohio, Inc.	Incentives for over-compliance on EE/PDR mandates.
06/12	40020	TX	Cities Served by Oncor	Lone Star Transmission, LLC	Revenue requirements, including ADIT, bonus depreciation and NOL, working capital, self insurance, depreciation rates, federal income tax expense.
07/12	120015-EI	FL	South Florida Hospital and Healthcare Association	Florida Power & Light Company	Revenue requirements, including vegetation management, nuclear outage expense, cash working capital, CWIP in rate base.
07/12	2012-00063	KY	Kentucky Industrial Utility Customers, Inc.	Big Rivers Electric Corp.	Environmental retrofits, including environmental surcharge recovery.
09/12	05-UR-106	WI	Wisconsin Industrial Energy Group, Inc.	Wisconsin Electric Power Company	Section 1603 grants, new solar facility, payroll expenses, cost of debt.
10/12	2012-00221 2012-00222	KY	Kentucky Industrial Utility Customers, Inc.	Louisville Gas and Electric Company, Kentucky Utilities Company	Revenue requirements, including off-system sales, outage maintenance, storm damage, injuries and damages, depreciation rates and expense.

**Expert Testimony Appearances
of
Lane Kollen
As of December 2018**

Date	Case	Jurisdic.	Party	Utility	Subject
10/12	120015-EI Direct	FL	South Florida Hospital and Healthcare Association	Florida Power & Light Company	Settlement issues.
11/12	120015-EI Rebuttal	FL	South Florida Hospital and Healthcare Association	Florida Power & Light Company	Settlement issues.
10/12	40604	TX	Steering Committee of Cities Served by Oncor	Cross Texas Transmission, LLC	Policy and procedural issues, revenue requirements, including AFUDC, ADIT – bonus depreciation & NOL, incentive compensation, staffing, self-insurance, net salvage, depreciation rates and expense, income tax expense.
11/12	40627 Direct	TX	City of Austin d/b/a Austin Energy	City of Austin d/b/a Austin Energy	Rate case expenses.
12/12	40443	TX	Cities Served by SWEPCO	Southwestern Electric Power Company	Revenue requirements, including depreciation rates and service lives, O&M expenses, consolidated tax savings, CWIP in rate base, Turk plant costs.
12/12	U-29764	LA	Louisiana Public Service Commission Staff	Entergy Gulf States Louisiana, LLC and Entergy Louisiana, LLC	Termination of purchased power contracts between EGSL and ETI, Spindletop regulatory asset.
01/13	ER12-1384 Rebuttal	FERC	Louisiana Public Service Commission	Entergy Gulf States Louisiana, LLC and Entergy Louisiana, LLC	Little Gypsy 3 cancellation costs.
02/13	40627 Rebuttal	TX	City of Austin d/b/a Austin Energy	City of Austin d/b/a Austin Energy	Rate case expenses.
03/13	12-426-EL-SSO	OH	The Ohio Energy Group	The Dayton Power and Light Company	Capacity charges under state compensation mechanism, Service Stability Rider, Switching Tracker.
04/13	12-2400-EL-UNC	OH	The Ohio Energy Group	Duke Energy Ohio, Inc.	Capacity charges under state compensation mechanism, deferrals, rider to recover deferrals.
04/13	2012-00578	KY	Kentucky Industrial Utility Customers, Inc.	Kentucky Power Company	Resource plan, including acquisition of interest in Mitchell plant.
05/13	2012-00535	KY	Kentucky Industrial Utility Customers, Inc.	Big Rivers Electric Corporation	Revenue requirements, excess capacity, restructuring.
06/13	12-3254-EL-UNC	OH	The Ohio Energy Group, Inc., Office of the Ohio Consumers' Counsel	Ohio Power Company	Energy auctions under CBP, including reserve prices.
07/13	2013-00144	KY	Kentucky Industrial Utility Customers, Inc.	Kentucky Power Company	Biomass renewable energy purchase agreement.

**Expert Testimony Appearances
of
Lane Kollen
As of December 2018**

Date	Case	Jurisdic.	Party	Utility	Subject
07/13	2013-00221	KY	Kentucky Industrial Utility Customers, Inc.	Big Rivers Electric Corporation	Agreements to provide Century Hawesville Smelter market access.
10/13	2013-00199	KY	Kentucky Industrial Utility Customers, Inc.	Big Rivers Electric Corporation	Revenue requirements, excess capacity, restructuring.
12/13	2013-00413	KY	Kentucky Industrial Utility Customers, Inc.	Big Rivers Electric Corporation	Agreements to provide Century Sebree Smelter market access.
01/14	ER10-1350 Direct and Answering	FERC	Louisiana Public Service Commission	Entergy Services, Inc.	Waterford 3 lease accounting and treatment in annual bandwidth filings.
02/14	U-32981	LA	Louisiana Public Service Commission	Entergy Louisiana, LLC	Montauk renewable energy PPA.
04/14	ER13-432 Direct	FERC	Louisiana Public Service Commission	Entergy Gulf States Louisiana, LLC and Entergy Louisiana, LLC	UP Settlement benefits and damages.
05/14	PUE-2013-00132	VA	HP Hood LLC	Shenandoah Valley Electric Cooperative	Market based rate; load control tariffs.
07/14	PUE-2014-00033	VA	Virginia Committee for Fair Utility Rates	Virginia Electric and Power Company	Fuel and purchased power hedge accounting, change in FAC Definitional Framework.
08/14	ER13-432 Rebuttal	FERC	Louisiana Public Service Commission	Entergy Gulf States Louisiana, LLC and Entergy Louisiana, LLC	UP Settlement benefits and damages.
08/14	2014-00134	KY	Kentucky Industrial Utility Customers, Inc.	Big Rivers Electric Corporation	Requirements power sales agreements with Nebraska entities.
09/14	E-015/CN-12-1163 Direct	MN	Large Power Intervenors	Minnesota Power	Great Northern Transmission Line; cost cap; AFUDC v. current recovery; rider v. base recovery; class cost allocation.
10/14	2014-00225	KY	Kentucky Industrial Utility Customers, Inc.	Kentucky Power Company	Allocation of fuel costs to off-system sales.
10/14	ER13-1508	FERC	Louisiana Public Service Commission	Entergy Services, Inc.	Entergy service agreements and tariffs for affiliate power purchases and sales; return on equity.
10/14	14-0702-E-42T 14-0701-E-D	WV	West Virginia Energy Users Group	First Energy-Monongahela Power, Potomac Edison	Consolidated tax savings; payroll; pension, OPEB, amortization; depreciation; environmental surcharge.
11/14	E-015/CN-12-1163 Surrebuttal	MN	Large Power Intervenors	Minnesota Power	Great Northern Transmission Line; cost cap; AFUDC v. current recovery; rider v. base recovery; class allocation.
11/14	05-376-EL-UNC	OH	Ohio Energy Group	Ohio Power Company	Refund of IGCC CWIP financing cost recoveries.

**Expert Testimony Appearances
of
Lane Kollen
As of December 2018**

Date	Case	Jurisdic.	Party	Utility	Subject
11/14	14AL-0660E	CO	Climax, CF&I Steel	Public Service Company of Colorado	Historic test year v. future test year; AFUDC v. current return; CACJA rider, transmission rider; equivalent availability rider; ADIT; depreciation; royalty income; amortization.
12/14	EL14-026	SD	Black Hills Industrial Intervenor	Black Hills Power Company	Revenue requirement issues, including depreciation expense and affiliate charges.
12/14	14-1152-E-42T	WV	West Virginia Energy Users Group	AEP-Appalachian Power Company	Income taxes, payroll, pension, OPEB, deferred costs and write offs, depreciation rates, environmental projects surcharge.
01/15	9400-YO-100 Direct	WI	Wisconsin Industrial Energy Group	Wisconsin Energy Corporation	WEC acquisition of Integrys Energy Group, Inc.
01/15	14F-0336EG 14F-0404EG	CO	Development Recovery Company LLC	Public Service Company of Colorado	Line extension policies and refunds.
02/15	9400-YO-100 Rebuttal	WI	Wisconsin Industrial Energy Group	Wisconsin Energy Corporation	WEC acquisition of Integrys Energy Group, Inc.
03/15	2014-00396	KY	Kentucky Industrial Utility Customers, Inc.	AEP-Kentucky Power Company	Base, Big Sandy 2 retirement rider, environmental surcharge, and Big Sandy 1 operation rider revenue requirements, depreciation rates, financing, deferrals.
03/15	2014-00371 2014-00372	KY	Kentucky Industrial Utility Customers, Inc.	Kentucky Utilities Company and Louisville Gas and Electric Company	Revenue requirements, staffing and payroll, depreciation rates.
04/15	2014-00450	KY	Kentucky Industrial Utility Customers, Inc. and the Attorney General of the Commonwealth of Kentucky	AEP-Kentucky Power Company	Allocation of fuel costs between native load and off-system sales.
04/15	2014-00455	KY	Kentucky Industrial Utility Customers, Inc. and the Attorney General of the Commonwealth of Kentucky	Big Rivers Electric Corporation	Allocation of fuel costs between native load and off-system sales.
04/15	ER2014-0370	MO	Midwest Energy Consumers' Group	Kansas City Power & Light Company	Affiliate transactions, operation and maintenance expense, management audit.
05/15	PUE-2015-00022	VA	Virginia Committee for Fair Utility Rates	Virginia Electric and Power Company	Fuel and purchased power hedge accounting; change in FAC Definitional Framework.
05/15	EL10-65 Direct,	FERC	Louisiana Public Service Commission	Entergy Services, Inc.	Accounting for AFUDC Debt, related ADIT.
09/15	Rebuttal Complaint				

**Expert Testimony Appearances
of
Lane Kollen
As of December 2018**

Date	Case	Jurisdic.	Party	Utility	Subject
07/15	EL10-65 Direct and Answering Consolidated Bandwidth Dockets	FERC	Louisiana Public Service Commission	Entergy Services, Inc.	Waterford 3 sale/leaseback ADIT, Bandwidth Formula.
09/15	14-1693-EL-RDR	OH	Public Utilities Commission of Ohio	Ohio Energy Group	PPA rider for charges or credits for physical hedges against market.
12/15	45188	TX	Cities Served by Oncor Electric Delivery Company	Oncor Electric Delivery Company	Hunt family acquisition of Oncor; transaction structure; income tax savings from real estate investment trust (REIT) structure; conditions.
12/15	6680-CE-176 Direct, Surrebuttal, Supplemental Rebuttal	WI	Wisconsin Industrial Energy Group, Inc.	Wisconsin Power and Light Company	Need for capacity and economics of proposed Riverside Energy Center Expansion project; ratemaking conditions.
03/16 03/16 04/16 05/16 06/16	EL01-88 Remand Direct Answering Cross-Answering Rebuttal	FERC	Louisiana Public Service Commission	Entergy Services, Inc.	Bandwidth Formula: Capital structure, fuel inventory, Waterford 3 sale/leaseback, Vidalia purchased power, ADIT, Blythesville, Spindletop, River Bend AFUDC, property insurance reserve, nuclear depreciation expense.
03/16	15-1673-E-T	WV	West Virginia Energy Users Group	Appalachian Power Company	Terms and conditions of utility service for commercial and industrial customers, including security deposits.
04/16	39971 Panel Direct	GA	Georgia Public Service Commission Staff	Southern Company, AGL Resources, Georgia Power Company, Atlanta Gas Light Company	Southern Company acquisition of AGL Resources, risks, opportunities, quantification of savings, ratemaking implications, conditions, settlement.
04/16	2015-00343	KY	Office of the Attorney General	Atmos Energy Corporation	Revenue requirements, including NOL ADIT, affiliate transactions.
04/16	2016-00070	KY	Office of the Attorney General	Atmos Energy Corporation	R & D Rider.
05/16	2016-00026 2016-00027	KY	Kentucky Industrial Utility Customers, Inc.	Kentucky Utilities Co., Louisville Gas & Electric Co.	Need for environmental projects, calculation of environmental surcharge rider.
05/16	16-G-0058 16-G-0059	NY	New York City	Keyspan Gas East Corp., Brooklyn Union Gas Company	Depreciation, including excess reserves, leak prone pipe.
06/16	160088-EI	FL	South Florida Hospital and Healthcare Association	Florida Power and Light Company	Fuel Adjustment Clause Incentive Mechanism re: economy sales and purchases, asset optimization.

**Expert Testimony Appearances
of
Lane Kollen
As of December 2018**

Date	Case	Jurisdct.	Party	Utility	Subject
07/16	160021-EI	FL	South Florida Hospital and Healthcare Association	Florida Power and Light Company	Revenue requirements, including capital recovery, depreciation, ADIT.
07/16	16-057-01	UT	Office of Consumer Services	Dominion Resources, Inc. / Questar Corporation	Merger, risks, harms, benefits, accounting.
08/16	15-1022-EL-UNC 16-1105-EL-UNC	OH	Ohio Energy Group	AEP Ohio Power Company	SEET earnings, effects of other pending proceedings.
9/16	2016-00162	KY	Office of the Attorney General	Columbia Gas Kentucky	Revenue requirements, O&M expense, depreciation, affiliate transactions.
09/16	E-22 Sub 519, 532, 533	NC	Nucor Steel	Dominion North Carolina Power Company	Revenue requirements, deferrals and amortizations.
09/16	15-1256-G-390P (Reopened) 16-0922-G-390P	WV	West Virginia Energy Users Group	Mountaineer Gas Company	Infrastructure rider, including NOL ADIT and other income tax normalization and calculation issues.
10/16	10-2929-EL-UNC 11-346-EL-SSO 11-348-EL-SSO 11-349-EL-SSO 11-350-EL-SSO 14-1186-EL-RDR	OH	Ohio Energy Group	AEP Ohio Power Company	State compensation mechanism, capacity cost, Retail Stability Rider deferrals, refunds, SEET.
11/16	16-0395-EL-SSO Direct	OH	Ohio Energy Group	Dayton Power & Light Company	Credit support and other riders; financial stability of Utility, holding company.
12/16	Formal Case 1139	DC	Healthcare Council of the National Capital Area	Potomac Electric Power Company	Post test year adjust, merger costs, NOL ADIT, incentive compensation, rent.
01/17	46238	TX	Steering Committee of Cities Served by Oncor	Oncor Electric Delivery Company	Next Era acquisition of Oncor; goodwill, transaction costs, transition costs, cost deferrals, ratemaking issues.
02/17	16-0395-EL-SSO Direct (Stipulation)	OH	Ohio Energy Group	Dayton Power & Light Company	Non-unanimous stipulation re: credit support and other riders; financial stability of utility, holding company.
02/17	45414	TX	Cities of Midland, McAllen, and Colorado City	Sharyland Utilities, LP, Sharyland Distribution & Transmission Services, LLC	Income taxes, depreciation, deferred costs, affiliate expenses.
03/17	2016-00370 2016-00371	KY	Kentucky Industrial Utility Customers, Inc.	Kentucky Utilities Company, Louisville Gas and Electric Company	AMS, capital expenditures, maintenance expense, amortization expense, depreciation rates and expense.
06/17	29849 (Panel with Philip Hayet)	GA	Georgia Public Service Commission Staff	Georgia Power Company	Vogle 3 and 4 economics.

**Expert Testimony Appearances
of
Lane Kollen
As of December 2018**

Date	Case	Jurisdct.	Party	Utility	Subject
08/17	17-0296-E-PC	WV	Public Service Commission of West Virginia Charleston	Monongahela Power Company, The Potomac Edison Power Company	ADIT, OPEB.
10/17	2017-00179	KY	Kentucky Industrial Utility Customers, Inc.	Kentucky Power Company	Weather normalization, Rockport lease, O&M, incentive compensation, depreciation, income taxes.
10/17	2017-00287	KY	Kentucky Industrial Utility Customers, Inc.	Big Rivers Electric Corporation	Fuel cost allocation to native load customers.
12/17	2017-00321	KY	Attorney General	Duke Energy Kentucky	Revenues, depreciation, income taxes, O&M, regulatory assets, environmental surcharge rider, FERC transmission cost reconciliation rider.
12/17	29849 (Panel with Philip Hayet, Tom Newsome)	GA	Georgia Public Service Commission Staff	Georgia Power Company	Vogtle 3 and 4 economics, tax abandonment loss.
01/18	2017-00349	KY	Kentucky Attorney General	Atmos Energy Kentucky	O&M expense, depreciation, regulatory assets and amortization, Annual Review Mechanism, Pipeline Replacement Program and Rider, affiliate expenses.
06/18	18-0047	OH	Ohio Energy Group	Ohio Electric Utilities	Tax Cuts and Jobs Act. Reduction in income tax expense; amortization of excess ADIT.
07/18	T-34695	LA	LPSC Staff	Crimson Gulf, LLC	Revenues, depreciation, income taxes, O&M, ADIT.
08/18	48325	TX	Cities Served by Oncor	Oncor Electric Delivery Company	Tax Cuts and Jobs Act; amortization of excess ADIT.
08/18	48401	TX	Cities Served by TNMP	Texas-New Mexico Power Company	Revenues, payroll, income taxes, amortization of excess ADIT, capital structure.
08/18	2018-00146	KY	KIUC	Big Rivers Electric Corporation	Station Two contracts termination, regulatory asset, regulatory liability for savings
09/18	20170235-EI 20170236-EU Direct Supplemental Direct	FL	Office of Public Counsel	Florida Power & Light Company	FP&L acquisition of City of Vero Beach municipal electric utility systems.
10/18					
09/18	2017-370-E Direct	SC	Office of Regulatory Staff	South Carolina Electric & Gas Company and Dominion Energy, Inc.	Recovery of Summer 2 and 3 new nuclear development costs, related regulatory liabilities, securitization, NOL carryforward and ADIT, TCJA savings, merger conditions and savings.
10/18	2017-207, 305, 370-E Surrebuttal Supplemental Surrebuttal				

EXHIBIT ____ (LK-2)

DUKE ENERGY OHIO, INC.
CASE NO. 17-32-EL-AIR
ALLOWANCE FOR WORKING CAPITAL
AS OF JUNE 30, 2016

DATA: "X" ACTUAL ESTIMATED
TYPE OF FILING: "X" ORIGINAL UPDATED REVISED
WORK PAPER REFERENCE NO(S): SEE BELOW

SCHEDULE B-5
PAGE 1 OF 1
WITNESS RESPONSIBLE:
P. A. LAUB

LINE NO.	WORKING CAPITAL COMPONENT	DESCRIPTION of METHODOLOGY	WORK PAPER REFERENCE NUMBER	TOTAL	JURISDICTION
1	Cash Working Capital	None Requested		\$ -	\$ -
2					
3					
4	Material and Supplies:				
5					
6	Other	13 Month Average Balance	SCH B-5.1,	45,850,750	29,819,070
7		less allowance for new	WPB-5.1b		
8		construction			
9					
10	Total Working Capital			\$ 45,850,750	\$ 29,819,070

EXHIBIT ____ (LK-3)

PSI ENERGY, INC.
CAUSE NO. 42359
SUMMARY OF PRO FORMA TOTAL COMPANY
NET ORIGINAL COST RATE BASE
(DOLLARS IN THOUSANDS)

DATA: *X* ACTUAL ESTIMATED
TYPE OF FILING: *X* ORIGINAL UPDATED REVISED

SCHEDULE B-1
PAGE 1 OF 1
WITNESS RESPONSIBLE:
S. M. FARMER

Line No	Description	Pro Forma Adjustments									
		Total Company Per Books At 09/30/02 (A)	Non-Utility (B)	Electric Utility Per Books (C)	Estimated Net Additions To Plant in Service Through Applicable Cutoff Dates (SCH-B-2) (D)	Estimated AFUDC Continuation & Deferred Depreciation (SCH-B-3) (E)	Fuel Stock (SCH-B-4) (F)	Emission Allowances (SCH-B-5) (G)	Materials And Supplies (SCH-B-6) (H)	Total Pro Forma Adjustments (I)	Total Company Pro Forma Utility Rate Base (J)
1	Total Electric Utility Plant	\$5,543,937	\$0	\$5,543,937	\$763,586	\$0	\$0	\$0	\$0	\$763,586	\$6,307,523
2	Less: Construction Work in Progress	266,624	0	266,624	0	0	0	0	0	0	266,624
3	Property Held for Future Use	<u>459</u>	0	<u>459</u>	0	0	0	0	0	0	<u>459</u>
4	Electric Utility Plant in Service	5,276,854	0	5,276,854	763,586	0	0	0	0	763,586	6,040,440
5	Less: Reserve for Depreciation	<u>2,297,427</u>	0	<u>2,297,427</u>	<u>79,095</u>	0	0	0	0	<u>79,095</u>	<u>2,376,522</u>
6	Net Electric Utility Plant in Service	2,979,427	0	2,979,427	684,491	0	0	0	0	684,491	3,663,918
7	Fuel Stock	81,479	0	81,479	0	0	(6,608)	0	0	(6,608)	74,871
8	Emission Allowances	13,478	0	13,478	0	0	0	2,667	0	2,667	16,145
9	AFUDC Continuation / Deferred Depreciation	30,539	0	30,539	0	49,050	0	0	0	49,050	79,589
10	Materials and Supplies	<u>41,425</u>	0	<u>41,425</u>	0	0	0	0	<u>2,526</u>	<u>2,526</u>	<u>43,951</u>
11	Total Net Electric Utility Rate Base	<u>\$3,146,348</u>	\$0	<u>\$3,146,348</u>	<u>\$684,491</u>	<u>\$49,050</u>	<u>(\$6,608)</u>	<u>\$2,667</u>	<u>\$2,526</u>	<u>\$732,126</u>	<u>\$3,878,474</u>
	Memo. Rate Base Per Final Order In Cause No. 40003										<u>\$2,380,764</u>

EXHIBIT ____ (LK-4)

REQUEST:

Revenues

Refer to cell row 75 account 489000 Transp Gas of Others on the Base Period tab and cell row 76 account 489000 Transp Gas of Others on the Forecasted Period tab in the Company's Excel workbook provided in response to Staff 1-71.

- a. Provide a 3-year monthly history of the actual revenues in this account from December 2014 through November 2017.
- b. Provide a schedule showing the derivation of these transportation revenues in the base year and forecast year and the months in between the base year and forecast year, including the volumes transported and the transportation tariff rates.
- c. Provide the Company's forecast of transportation volumes for the budget months in the base year and the forecast year, and the months in between the base year and forecast year, including all models, inputs, data, assumptions, and reports and/or analyses of the results.
- d. Provide a detailed explanation for the reduction in these revenues in the test year compared to the base year.

RESPONSE:

- a. See AG-DR-01-041 Attachment 1.

- b. See AG-DR-01-041 Attachment 2.
- c. Refer to AG-DR-01-041 Attachment 2 for monthly volumes data. The volume forecast comes from estimating a model that predicts total sales to customers in that category. Variation in the monthly amount of those sales are explained by variations in the weather and in economic variables.
- d. The reduction in these revenues in the test year compared to the base year is mostly explained by higher sales volumes in the base year, which were impacted by a colder than normal winter in the actual months. The actual months in the base period also produced higher realizations than the historical averages used in the forecasted period, which also contributed to the reduction in the test year.

PERSON RESPONSIBLE:

Michael Covington – a.
Robert H. “Beau” Pratt – b., c., and d.

	Dec - December 2014	Jan - January 2015	Feb - February 2015	Mar - March 2015	Apr - April 2015	May 2015
0489000 - 0489000 - Transp Gas of Others	119,235.37	127,988.91	123,295.18	123,949.69	99,113.08	107,042.77

Duke Energy Kentucky
Account 489000 Transp Gas of Others
For 2December 2014 through November 2017

	Jun - June 2015	Jul - July 2015	Aug - August 2015	Sep - September 2015	Oct - October 2015	Nov - November 2015
0489000 - 0489000 - Transp Gas of Others	109,352.14	108,717.00	119,806.20	105,074.46	118,238.41	121,579.74

	Dec - December 2015	Jan - January 2016	Feb - February 2016	Mar - March 2016	Apr - April 2016	May 2016
0489000 - 0489000 - Transp Gas of Others	115,570.47	148,574.16	118,213.31	112,542.72	113,625.27	128,644.01

	Jun - June 2016	Jul - July 2016	Aug - August 2016	Sep - September 2016	Oct - October 2016	Nov - November 2016
0489000 - 0489000 - Transp Gas of Others	117,325.62	111,404.75	125,969.38	118,578.68	131,097.69	145,182.95

	Dec - December 2016	Jan - January 2017	Feb - February 2017	Mar - March 2017	Apr - April 2017	May 2017
0489000 - 0489000 - Transp Gas of Others	127,865.55	133,415.62	121,296.99	129,675.63	120,895.10	131,456.83

	Jun - June 2017	Jul - July 2017	Aug - August 2017	Sep - September 2017	Oct - October 2017	Nov - November 2017
0489000 - 0489000 - Transp Gas of Others	132,968.36	125,729.39	132,523.68	112,035.24	142,058.24	148,348.14

DUKE ENERGY KENTUCKY, INC.

CASE NO. 2018-00261

Acct 0489000

Volumes and Revenues

	<u>Volumes (mcf)</u>	<u>Rate/mcf</u>	<u>Revenue</u>
Dec-17	135,421	1.0333	139,934
Jan-18	151,803	0.9735	147,775
Feb-18	125,074	0.9883	123,614
Mar-18	139,167	0.9974	138,802
Apr-18	134,804	0.9953	134,169
May-18	119,528	0.9720	116,181
Jun-18	114,949	0.9493	109,121
Jul-18	114,194	0.9493	108,404
Aug-18	121,749	0.9493	115,576
Sep-18	116,332	0.9493	110,434
Oct-18	133,957	0.9493	127,165
Nov-18	136,421	0.9493	129,504
Dec-18	121,160	0.9493	115,017
Jan-19	138,180	0.9493	131,174
Feb-19	122,162	0.9493	115,968
Mar-19	127,472	0.9493	121,009
Apr-19	113,971	0.9493	108,193
May-19	119,006	0.9493	112,973
Jun-19	114,945	0.9493	109,117
Jul-19	114,207	0.9493	108,417
Aug-19	121,766	0.9493	115,593
Sep-19	116,356	0.9493	110,457
Oct-19	134,043	0.9493	127,247
Nov-19	136,314	0.9493	129,403
Dec-19	121,483	0.9493	115,324
Jan-20	138,235	0.9493	131,227
Feb-20	122,158	0.9493	115,964
Mar-20	127,508	0.9493	121,043

Rate/mcf for December 2017 through May 2018 represents actual average realizations in those months. Forecasted volumes are priced at historical average realizations by customer class.

EXHIBIT ____ (LK-5)

REQUEST:

Weather Normalization Adjustment (“WNA”) Mechanism

Reference the application, page 12, paragraph 25, wherein DEK states that its “proposed WNA mechanism will be applicable to customers served under Rate Schedules Residential Service (RS) and General Service (GS).” Explain why the WNA mechanism will not be applicable to DEK’s other Rate Schedules.

RESPONSE:

Rate FT-L, Firm Transportation, and Rate IT, Interruptible Transportation, are rate schedules primarily comprised of large commercial and industrial customers that typically exhibit far less, if any, weather sensitive natural gas usage as compared to customers on Rates RS and GS. Variations in natural gas consumption by larger customers is not necessarily driven by weather conditions and therefore makes the application of the WNA mechanism inappropriate for these customers.

PERSON RESPONSIBLE: Bruce L. Sailors

EXHIBIT ____ (LK-6)

REQUEST:

Revenues

Refer to cell row 76 account 489010 IC Gas Transp Rev Req on the Base Period tab and cell row 77 account 489010 IC Gas Transp Rev Req on the Forecasted Period tab in the Company's Excel workbook provided in response to Staff 1-71.

- a. Describe the revenues that are recorded in this account.
- b. Explain why there are actual revenues from December 2017 through May 2018 included in the Base Period, but no budget revenues thereafter in the remaining months of the Base Period and no budget revenues in the Forecasted Period.

RESPONSE:

- a. Duke Energy Kentucky assesses a "no-notice interstate transportation rate" to Duke Energy Ohio for gas that is transported to Ohio from the southern region. This essentially represents a demand charge to ensure space on the pipeline for the transport. This rate is approved by FERC and is in place for 5 years. It was most recently updated in August 2018.
- b. There are no values in the forecasted months of the base period or the forecasted period because the company does not forecast revenues to that level of detail.

PERSON RESPONSIBLE: Michael Covington
Beau Pratt

EXHIBIT ____ (LK-7)

**Duke Energy Kentucky
Case No. 2018-00261
Staff First Set Data Requests
Date Received: August 24, 2018**

SECOND SUPPLEMENTAL STAFF-DR-01-046

REQUEST:

As the historical data becomes available, provide detailed monthly income statements for each forecasted month of the base period including the month in which the Commission hears this case.

RESPONSE:

See STAFF-DR-01-046 2nd Supplemental Attachment which includes detailed revenue and expense for the actual months of December 2017 through October 2018 and the forecasted month of November 2018. The forecasted months will be updated as the actual information becomes available.

PERSON RESPONSIBLE: Sarah E. Lawler

DUKE ENERGY KENTUCKY, INC.
CASE NO. 2018-00261
MONTHLY REVENUES AND EXPENSES BY ACCOUNT
BASE PERIOD

KyPSC Case No. 2018-00261
STAFF-DR-01-046 2nd Supplemental Attachment
WITNESS RESPONSIBLE:
S. E. LAWLER
PAGE 1 OF 4

DATA: *X* BASE PERIOD FORECASTED PERIOD
TYPE OF FILING: *X* ORIGINAL UPDATED REVISED

Account	Description	Code	PERC	Total	ACTUAL	ACTUAL	ACTUAL	ACTUAL	ACTUAL	ACTUAL	ACTUAL	ACTUAL	ACTUAL	ACTUAL	BUDGET	
					Dec-17	Jan-18	Feb-18	Mar-18	Apr-18	May-18	Jun-18	Jul-18	Aug-18	Sep-18	Oct-18	Nov-18
403002	Depreciation Expense	DEPR	403	12,414,642	986,181	986,218	987,759	1,027,028	1,031,788	1,004,652	1,043,178	1,030,404	1,038,488	1,050,984	1,057,728	1,160,238
403150	Depreciation Expense - ARO	DEPR	403	0	0	6,282	6,282	(12,564)	0	0	0	0	0	0	0	0
404200	Amort Exp - Limited Term	DEPR	404	2,099,955	147,346	147,251	154,931	148,629	148,813	138,341	139,327	187,268	258,532	258,618	259,717	111,383
407355	DSM Amortization	OTH	407	(1,134,540)	581,483	(233,576)	(329,245)	(355,219)	(402,988)	(42,090)	(10,616)	(96,714)	(53,827)	(34,788)	(136,860)	0
408000	General Taxes	OTHX	408	0	0	0	0	0	0	0	0	0	0	0	0	0
408015	Ohio Property Taxes - General	OTHX	408	0	0	0	0	0	0	0	0	0	0	0	0	0
408040	Taxes Property - Allocated	OTHX	408	0	0	0	0	0	0	0	0	0	0	0	0	0
408050	Kentucky Property Tax - Gas	OTHX	408	0	0	0	0	0	0	0	0	0	0	0	0	0
408090	West Virginia Property Tax-Gas	OTHX	408	0	0	0	0	0	0	0	0	0	0	0	0	0
408095	Misc States Property Tax	OTHX	408	0	0	0	0	0	0	0	0	0	0	0	0	0
408121	Taxes Property-Operating	OTHX	408	2,903,742	227,667	242,250	242,250	242,250	248,945	242,250	242,250	242,250	242,250	242,250	242,250	245,680
408150	State Unemployment Tax	OTHX	408	2,550	33	3,815	771	(2,341)	15	57	(31)	12	30	64	25	0
408151	Federal Unemployment Tax	OTHX	408	2,668	334	1,728	(50)	(278)	327	389	348	(257)	(234)	6	374	0
408152	Employer FICA Tax	OTHX	408	382,531	27,658	33,103	32,164	45,161	32,163	33,300	37,647	30,673	43,020	34,815	32,407	0
408205	Highway Use Tax	OTHX	408	243	0	258	0	0	6	(24)	0	1	0	0	2	0
408410	Social Security Taxes	OTHX	408	0	0	0	0	0	0	0	0	0	0	0	0	0
408490	Indiana Highway Use Tax	OTHX	408	0	0	0	0	0	0	0	0	0	0	0	0	0
408470	Franchise Tax	OTHX	408	4,393	0	0	0	1,318	0	879	439	0	879	439	439	0
408530	Ohio Highway Use	OTHX	408	0	0	0	0	0	0	0	0	0	0	0	0	0
408550	Kentucky Highway Use	OTHX	408	0	0	0	0	0	0	0	0	0	0	0	0	0
408700	Fed Social Security Tax-Elec	OTHX	408	0	7,000	0	0	(7,000)	0	0	5,000	0	0	(5,000)	0	0
408800	Federal Highway Use Tax - Gas	OTHX	408	172	0	0	1	0	0	0	0	162	8	1	0	0
408851	Sales and Use Expense	OTHX	408	(1,791)	0	(2)	(243)	0	5	1	(1,558)	6	(6)	6	0	0
408960	Allocated Payroll Taxes	OTHX	408	248,187	89,852	47,279	24,094	(7,821)	9,785	3,532	8,813	17,437	16,151	1,979	4,732	52,344
409000	Federal Income Taxes Utility Op Income	FIT	409	3,804,666	317,056	317,056	317,056	317,056	317,056	317,056	317,056	317,056	317,056	317,056	317,056	317,050
409104	State/Local Inc Tx Exp Utility Op Inc PY	FIT	409	248,993	259,385	0	0	0	0	0	0	0	(362,318)	0	352,926	0
409160	State/Local Inc Tax Exp Utility Op Inc	FIT	409	117,028	9,752	9,752	9,752	9,752	9,752	9,752	9,752	9,752	9,752	9,752	9,752	9,786
409193	Fed Inc Tax - Utility Operating Inc - PY	FIT	409	0	0	0	0	0	0	0	0	0	0	0	0	0
409233	State/Local Inc Tax - Oth Inc & Ded - PY	FIT	409	0	0	0	0	0	0	0	0	0	0	0	0	0
409990	Taxes Alloc From Serv Co - Gas Federal	FIT	409	0	0	0	0	0	0	0	0	0	0	0	0	0
409985	Taxes Alloc From Serv Co - Gas State	FIT	409	0	0	0	0	0	0	0	0	0	0	0	0	0
410060	Deferred FIT Utility Operating Inc	FIT	410	(988,111)	(82,426)	(82,426)	(82,426)	(82,426)	(82,426)	(82,426)	(82,426)	(82,426)	(82,426)	(82,426)	(82,426)	(82,425)
410109	Def FIT- Utility Operating Inc - PY	FIT	410	0	0	0	0	0	0	0	0	0	0	0	0	0
410112	Defer SIT Utility Operating Inc - PY	FIT	410	0	0	0	0	0	0	0	0	0	0	0	0	0
410113	UTP Tax Expense State Utility Prior Year	FIT	410	0	0	0	0	0	0	0	0	0	0	0	0	0
410130	UTP DFIT Utility Prior Year	FIT	410	0	0	0	0	0	0	0	0	0	0	0	0	0
410131	UTP DSIT Utility Prior Year	FIT	410	0	0	0	0	0	0	0	0	0	0	0	0	0
410160	Deferred SIT Utility Operating Inc	FIT	410	399,273	33,273	33,273	33,273	33,273	33,273	33,273	33,273	33,273	33,273	33,273	33,273	33,270
410185	UTP Tax Expense Fed Utility Prior Year	FIT	410	0	0	0	0	0	0	0	0	0	0	0	0	0
411080	Deferred FIT Credit - Utility Op Inc	FIT	411	0	0	0	0	0	0	0	0	0	0	0	0	0
411065	Amortization of Investment Tax Credit	FIT	411	(57,241)	(5,603)	(5,603)	(5,603)	(5,603)	(5,603)	(5,603)	(5,603)	(5,603)	(5,603)	(5,603)	(5,603)	(5,608)
411106	Def FIT Credit - Utility Oper Inc - PY	FIT	411	0	0	0	0	0	0	0	0	0	0	0	0	0
411107	Def SIT Credit - Utility Oper Inc - PY	FIT	411	0	0	0	0	0	0	0	0	0	0	0	0	0
411113	UTP Tax Expense State Utility Prior Year	FIT	411	0	0	0	0	0	0	0	0	0	0	0	0	0
411130	UTP DFIT Utility Prior Year	FIT	411	0	0	0	0	0	0	0	0	0	0	0	0	0
411131	UTP DSIT Utility Prior Year	FIT	411	0	0	0	0	0	0	0	0	0	0	0	0	0
411180	Deferred SIT Credit - Utility Op Inc	FIT	411	0	0	0	0	0	0	0	0	0	0	0	0	0
411185	UTP Tax Expense Fed Utility Prior Year	FIT	411	0	0	0	0	0	0	0	0	0	0	0	0	0
426810	Other	CO	426	0	0	0	0	0	0	0	0	0	0	0	0	0
426891	IC Sale of AR Fees VIE	CO	426	176,326	10,569	13,129	14,836	13,448	16,205	15,508	16,502	17,012	17,820	16,859	16,223	9,416
490000	Residential Sales-Gas	REV	490	67,130,088	8,340,117	13,132,271	10,339,872	7,453,248	7,158,228	3,715,099	2,438,671	2,311,636	2,308,827	2,345,845	2,847,830	4,308,356
490090	Gas Residential Sales-Unbilled	REV	490	868,712	2,489,949	(1,045,741)	(1,238,027)	158,883	(1,183,828)	(1,489,693)	(11,734)	15,140	33,915	(27,404)	1,081,845	1,894,697
491000	Industrial Sales-Gas	REV	491	1,558,700	240,524	388,075	292,172	203,083	185,636	75,665	35,022	35,620	36,750	(272,701)	267,485	73,469
491090	Gas Industrial Sales Unbilled	REV	491	(32,991)	(4,020)	(18,173)	(25,437)	12,904	(25,972)	(4,562)	1,213	746	5,290	(5,320)	8,255	22,175
491200	Gas Commercial Sales	REV	491	24,279,828	3,005,822	4,843,645	3,728,298	2,809,229	2,721,070	1,309,181	794,201	754,152	770,985	739,971	879,659	1,922,747
491290	Gas Commercial Sales Unbilled	REV	491	29,132	884,424	(481,813)	(306,544)	(24,421)	(473,678)	(269,300)	(106,366)	2,814	20,132	(22,153)	318,324	707,713
492000	Other Sales to Public Auth-Gas	REV	492	2,376,152	304,155	529,945	401,549	292,314	280,594	113,606	64,621	54,153	55,528	40,146	71,285	168,156
492090	Gas OPA Unbilled	REV	492	3,583	69,551	(116,309)	(64,160)	78,980	104,376)	(35,998)	(880)	1,181	3,884	(4,684)	62,683	112,702
492200	Gas Public St Hwy Lng	REV	492	925	80	85	78	61	79	78	82	80	79	82	78	43

DUKE ENERGY KENTUCKY, INC.
CASE NO. 2018-00261
MONTHLY REVENUES AND EXPENSES BY ACCOUNT
BASE PERIOD

KYPSC Case No. 2018-00261
STAFF-DR-01-046 2nd Supplemental Attachment
WITNESS RESPONSIBLE:
S. E. LAWLER
PAGE 2 OF 4

DATA: *X* BASE PERIOD FORECASTED PERIOD
TYPE OF FILING: *X* ORIGINAL UPDATED REVISED

Account	Description	Code	FERC	Total	ACTUAL	ACTUAL	ACTUAL	ACTUAL	ACTUAL	ACTUAL	ACTUAL	ACTUAL	ACTUAL	ACTUAL	ACTUAL	BUDGET
					Dec-17	Jan-18	Feb-18	Mar-18	Apr-18	May-18	Jun-18	Jul-18	Aug-18	Sep-18	Oct-18	Nov-18
484000	Interdepartmental Sales	REV	484	33,904	4,259	6,726	8,445	6,070	5,204	2,682	143	18	19	19	19	0
487001	Discounts Earn/Lost-Gas	REV	487	0	0	0	0	0	0	0	0	0	0	0	0	0
489000	Misc Service Revenue-Gas	REV	488	35,502	2,422	2,236	1,978	2,303	2,041	1,806	1,982	1,470	1,673	2,658	10,622	4,333
488100	IC Misc Svc Reg Gas Reg	REV	488	471,491	2,850	42,580	42,580	42,580	42,580	42,580	42,580	42,580	42,580	42,580	42,580	42,841
489000	Transp Gas of Others	REV	489	1,560,092	139,934	147,775	123,814	138,802	134,169	116,191	123,263	122,956	127,747	32,678	223,469	129,504
489010	IC Gas Transp Reg Reg	REV	489	488,924	43,506	43,506	43,506	43,506	43,506	43,506	43,506	43,506	43,506	43,506	50,292	0
489020	Comm Gas Transp Only	REV	489	1,210,980	151,543	172,211	120,195	152,563	104,805	60,321	55,117	53,796	57,313	56,418	90,992	136,606
489025	Comm Gas Transp Unbilled	REV	489	15,711	38,484	(26,085)	(19,288)	(2,731)	(24,163)	(15,445)	(6,046)	247	1,337	(684)	15,888	53,417
489030	Indust Gas Transp Only	REV	489	2,904,437	301,071	343,866	281,574	306,852	253,535	198,410	170,500	188,413	189,551	189,505	241,988	219,822
489035	Indust Gas Transp Unbilled	REV	489	10,857	(9,303)	(41,236)	(58,273)	(21,872)	(48,510)	(14,297)	(2,302)	782	11,236	(8,648)	72,033	87,610
489040	OPA Gas Transp Only	REV	489	378,337	59,371	67,643	45,514	51,699	37,094	12,770	10,331	10,091	10,857	11,488	26,333	35,646
489045	OPA Gas Transp Unbilled	REV	489	8,384	12,863	(18,991)	(10,582)	12,494	(18,223)	(5,997)	(530)	221	751	(612)	9,321	25,879
486200	Transportation Fees	REV	489	0	0	(2)	2	0	0	0	0	0	0	0	0	0
489010	Rent from Gas Properties - I/C	REV	493	1,208	0	0	0	0	0	0	0	0	0	0	0	1,208
489031	Gas Losses Damaged Lines	REV	495	22,371	218	117	13,685	883	44	72	1,724	2,254	2,860	282	132	0
496020	Provision for Rate Refund	REV	496	(2,820,097)	0	(588,711)	(469,319)	(433,381)	(501,676)	(254,009)	(196,486)	(192,079)	(193,353)	(169,431)	352,446	(273,708)
711000	Gas Boiler Labor	PO	711	8,124	407	828	6,066	498	447	288	40	0	0	0	0	0
712000	Gas Production-Other Power Ex	PO	712	14,579	10,621	825	0	1,042	555	382	9	9	12	668	0	0
717000	Liq Petro Gas Exp-Vapor Proc	PO	717	116,715	9,373	5,164	5,467	8,402	1,920	10,025	17,383	15,480	21,781	4,489	7,394	9,927
728000	Liquid Petroleum Gas	PO	728	1,677,312	582,448	1,281,856	0	0	633	0	0	0	0	0	0	12,575
735000	Gas Misc Production Exp	PO	735	62,779	3,128	22,325	10,713	14,189	564	189	48	171	134	39	2,246	9,025
742000	Maint Gas Production Equipment	PM	742	131,279	18,522	21,371	5,909	3,226	16,862	4,177	39,688	3,775	1,463	1,028	6,315	8,890
801000	Purchases Gas & NGL	Fuel	801	38,851,038	7,380,917	8,676,252	5,631,960	3,655,119	3,024,295	1,325,330	1,119,832	528,050	960,538	1,074,467	2,160,109	3,417,142
801001	Purchases Gas & NGL-Aff	Fuel	801	1,854,835	174,141	179,909	174,288	169,936	165,820	165,649	165,638	165,882	165,982	161,963	165,984	0
805002	Unrecovered Purchase Gas Adj	Fuel	805	(820,248)	(2,127,234)	(505,597)	1,628,044	1,296,841	1,533,437	455,644	(479,375)	6,978	(419,233)	(548,086)	(1,365,685)	0
805003	Purchase Gas Cost Unbilled Rev	Fuel	805	512,853	1,748,589	(969,758)	(960,928)	125,397	(994,530)	(988,490)	(88,306)	10,685	32,796	(41,245)	880,398	1,728,345
807000	Gas Purchased Expenses	PO	807	557,076	30,866	70,455	80,590	73,845	35,524	34,806	40,390	37,317	53,247	30,170	47,565	22,401
807100	IC Gas Purchased Expenses	PO	807	17,335	1,034	5,053	3,146	1,433	690	1,009	927	466	856	1,173	1,748	0
813001	Other Gas Supply Expenses	PO	813	200,595	42,857	23,587	96,461	(18,736)	15,140	4,484	(24,448)	37,244	10,317	(9,784)	20,353	0
850001	Operation Supv & Eng-Tran	TO	850	413	0	0	0	0	0	0	88	158	148	19	0	0
859000	Other Expenses-Trans	TO	859	3,224	0	0	0	0	0	0	0	0	1,228	921	1,075	0
863000	Transm-Maint of Mains	TM	863	0	0	0	0	0	0	0	0	0	0	0	0	0
871000	Distribution Load Dispatching	DO	871	133,990	11,841	12,759	11,908	12,416	10,951	12,096	12,772	7,335	5,460	5,059	19,059	12,634
874000	Mains And Services	DO	874	2,239,187	155,233	140,492	160,380	126,225	199,889	109,645	153,538	182,564	188,574	299,085	295,615	218,947
875000	Measuring And Reg Stations-Ge	DO	875	7,005	11	10	4,525	425	49	1,382	12	47	542	11	11	0
876000	Measuring & Reg Station-Indus	DO	876	23,063	1,858	129	0	1,091	0	1,484	782	2,075	4,489	6,928	4,249	0
878000	Meter And House Regulator Exp	DO	878	1,404,814	244,899	64,033	35,615	33,373	47,594	16,199	35,048	182,500	140,688	362,539	67,834	172,492
879000	Customer Installation Expense	DO	879	1,125,531	85,180	127,001	140,935	108,167	59,001	73,796	77,301	85,704	120,635	75,612	79,407	92,492
890000	Gas Distribution-Other Expense	DO	890	1,736,169	188,818	166,621	121,759	192,018	113,930	82,649	130,277	65,762	249,414	127,595	118,526	149,809
887000	Maintenance of Mains	DM	887	1,492,589	73,442	109,971	92,896	264,147	175,126	133,653	76,734	77,299	153,608	120,307	96,345	118,261
889000	Maint-Meas/Reg Str Equip-Gas	DM	889	34,896	3,548	314	1,670	4,869	1,692	0	1,387	5,602	1,381	3,342	4,513	0
892000	Maintenance of Services	DM	892	730,877	109,962	7,046	3,374	16,258	23,539	87,782	89,311	82,570	49,601	158,035	51,492	50,727
893000	Maint - Meters And House Reg	DM	893	471,002	35,205	44,902	17,283	30,061	23,726	44,478	36,973	32,621	65,388	61,113	50,069	18,953
894000	Maint-Other Distribution Equip	DM	894	(82,587)	(46,691)	(7,188)	(14,731)	(7,724)	2,054	(4,085)	1,415	(7,599)	(7,903)	4,239	1,996	3,610
901000	Supervision-Cust Accts	CO	901	451,849	81,958	45,049	42,255	36,449	52,074	37,806	38,015	31,724	39,289	31,751	14,563	0
902000	Meter Reading Expense	CO	902	289,585	35,301	28,767	39,863	32,368	25,221	36,830	20,588	24,244	19,355	16,991	18,726	1,205
903000	Cust Records & Collection Exp	CO	903	1,784,369	94,661	288,404	52,240	151,571	188,525	172,513	115,865	161,798	151,341	174,098	173,525	79,630
903100	Cust Contracts & Orders-Local	CO	903	160,824	15,089	6,912	10,221	29,270	8,672	8,522	12,524	3,382	10,577	12,745	34,642	0
903200	Cust Billing & Acct	CO	903	711,768	52,848	58,631	132,827	80,200	49,451	61,280	40,024	42,130	50,096	45,305	44,140	55,088
903250	Cust Billing - Common	CO	903	0	0	0	0	0	0	0	0	0	0	0	0	0
903300	Cust Collecting-Local	CO	903	159,827	12,826	8,900	10,373	25,158	8,910	9,895	11,572	8,474	12,881	12,824	9,896	28,345
903400	Cust Receiv & Collect Exp-Edp	CO	903	31,439	2,457	2,293	2,070	2,268	2,458	2,458	3,114	1,731	3,114	2,947	4,074	4,330
903891	IC Collection Agent Revenue	CO	903	(45,345)	(4,482)	(5,074)	(4,344)	(3,924)	(3,670)	(3,585)	(4,372)	(4,217)	(3,958)	(3,853)	(3,868)	0
904001	BAD DEBT EXPENSE	CO	904	7,713	(398)	4,427	0	0	3,159	525	0	0	0	0	0	0
904003	Cust Acctg-Loss On Sale-A/R	CO	904	48,043	0	0	0	0	0	0	0	0	0	0	0	48,043
905000	Misc Customer Accts Expenses	CO	905	280	23	0	21	39	28	41	28	30	22	26	2	0
908000	Cust Asst Exp-Conservation Pro	CSI	908	12	0	0	0	2	0	3	4	0	0	0	0	0
908150	Comm/Indust Assistance Exp	CSI	908	0	0	0	0	0	0	0	0	0	0	0	0	0
908180	Cust Asst Exp-General	CSI	908	154,574	9,828	13,638	12,948	13,568	12,632	13,845	13,924	13,937	14,022	14,993	14,019	7,220

DUKE ENERGY KENTUCKY, INC.
CASE NO. 2018-00261
MONTHLY REVENUES AND EXPENSES BY ACCOUNT
BASE PERIOD

KyPSC Case No. 2018-00261
STAFF-DR-01-046 2nd Supplemental Attachment
WITNESS RESPONSIBLE:
S. E. LAWLER
PAGE 3 OF 4

DATA: "X" BASE PERIOD FORECASTED PERIOD
TYPE OF FILING: "X" ORIGINAL UPDATED REVISED

Account	Description	Code	FERC	Total	ACTUAL	ACTUAL	ACTUAL	ACTUAL	ACTUAL	ACTUAL	ACTUAL	ACTUAL	ACTUAL	ACTUAL	ACTUAL	BUDGET
					Dec-17	Jan-18	Feb-18	Mar-18	Apr-18	May-18	Jun-18	Jul-18	Aug-18	Sep-18	Oct-18	Nov-18
908650	Misc Advertising Expenses	CSI	909	3,000	0	437	138	0	0	0	0	683	396	0	1,346	0
910000	Misc Cust Serv/Inform Exp	CSI	910	189,429	22,954	13,229	13,933	14,932	15,499	15,432	14,375	15,707	15,591	16,819	15,009	13,952
910100	Exp-Rs Reg Prod/Svcs-CstAccts	CSI	910	83,753	16,178	13,415	3,512	1,185	7,173	3,954	4,624	6,337	6,736	2,287	6,498	11,862
911000	Supervision	CSI	911	2,108	18	0	26	45	73	0	41	37	40	38	71	1,718
912000	Demonstrating & Selling Exp	SE	912	140,751	7,489	8,361	10,759	8,901	10,479	15,954	12,079	11,160	13,822	13,656	12,840	15,151
913001	Advertising Expense	SE	913	8,404	1,747	0	522	1,660	500	989	851	150	792	641	452	0
920000	A & G Salaries	AGO	920	2,154,686	183,696	171,446	171,897	124,596	189,431	188,496	250,780	192,451	198,392	125,000	187,591	170,908
921100	Employee Expenses	AGO	921	141,450	3,076	14,946	25,711	12,216	8,722	10,380	3,427	(1,645)	13,262	21,767	16,493	13,095
921101	Employee Exp - NC	AGO	921	14	0	2	0	0	0	12	0	0	0	0	0	0
921110	Relocation Expenses	AGO	921	385	5	373	0	7	0	0	0	0	0	0	0	0
921200	Office Expenses	AGO	921	216,145	34,661	1,660	17,305	(32,915)	77,041	10,061	20,654	(9,965)	43,263	38,238	(4,416)	29,358
921300	Telephone And Telegraph Exp	AGO	921	25	0	2	0	3	2	5	2	5	3	1	0	0
921400	Computer Services Expenses	AGO	921	199,859	20,048	7,492	13,663	65,269	(25,545)	16,897	9,225	37,790	14,349	11,126	3,399	23,142
921540	Computer Rent (Go Only)	AGO	921	180,693	14,004	16,396	16,270	15,624	15,127	13,068	17,877	15,717	18,799	20,793	17,091	27
921800	Other	AGO	921	600	11	126	52	167	16	86	4	15	7	40	36	20
921980	Office Supplies & Expenses	AGO	921	471,588	37,765	30,742	34,496	39,228	33,288	51,264	34,048	34,902	59,211	42,136	42,188	32,318
922000	Admin Exp Transfer	AGO	921	391	287	0	0	0	0	0	0	8	26	32	38	0
923000	Outside Services Employed	AGO	923	1,759,689	103,917	69,414	120,884	138,779	81,423	158,852	255,095	139,408	107,823	175,290	360,253	48,851
923980	Outside Services Employee &	AGO	923	(23,853)	661	(1,640)	(1,461)	(3,304)	(855)	(1,092)	(5,276)	(6,307)	(8,605)	80	80	0
924000	Property Insurance	AGO	924	552	(82)	19	80	(78)	48	1	(162)	699	80	(133)	80	0
924100	Admin-ETH&S Expense	AGO	924	4	0	0	0	0	0	0	0	0	0	0	4	0
924050	Inter-Co Prop Ins Exp	AGO	924	5,147	5,977	292	292	292	292	292	292	292	292	292	292	290
924980	Property Insurance For Corp.	AGO	924	53,305	4,805	4,390	4,390	4,390	4,390	4,390	4,390	4,390	4,390	4,390	4,390	4,800
925000	Injuries & Damages	AGO	925	23,065	5,827	1,471	1,476	1,506	907	1,183	1,021	880	423	5,576	1,087	728
925050	INTER-CO NON-PROP EXP	AGO	925	417	0	0	0	0	0	0	0	0	0	0	417	0
925051	INTER-CO GEN LIAB EXP	AGO	925	79,950	22,825	5,100	5,100	5,100	5,100	5,100	5,100	5,100	5,100	5,100	5,100	5,833
925200	Injuries And Damages-Other	AGO	925	2,278	170	189	217	186	222	227	196	209	221	232	209	0
925300	Environmental Inj & Damages	AGO	925	100,934	439	0	0	13,568	0	0	85,939	0	988	0	0	0
925980	Injuries And Damages For Corp.	AGO	925	4,024	358	363	363	363	363	363	363	363	363	363	363	36
926000	EMPL PENSIONS AND BENEFITS	AGO	926	2,073,976	605,558	138,845	125,945	150,301	136,037	126,568	198,205	126,526	136,112	126,626	84,590	118,360
926420	Employees' Tuition Refund	AGO	926	27	0	0	0	0	0	0	0	0	27	0	0	0
926430	Employees' Recreation Expense	AGO	926	233	23	0	0	10	0	31	1	34	18	1	69	0
926600	Employee Benefits-Transferred	AGO	926	940,301	184,772	119,296	85,252	71,508	52,263	63,883	59,019	79,532	89,549	80,624	20,284	54,112
926999	Non Serv Pension (ASU 2017-07)	AGO	926	(268,585)	0	260	(4,677)	(22,209)	(38,064)	(26,172)	(26,172)	(26,172)	(26,172)	(26,172)	(26,172)	(4,883)
928006	State Reg Comm Proceeding	AGO	928	187,968	15,471	15,471	15,471	15,471	15,471	15,471	15,471	15,694	15,694	15,694	15,694	16,895
928032	Prof Fees Outside Services	AGO	928	85	0	0	0	0	0	0	0	0	0	0	85	0
928053	Travel Expense	AGO	928	125	0	0	93	(93)	0	0	0	0	0	0	125	0
928090	Duplicate Chrgs-Energy To Exp	AGO	929	(52,498)	(4,156)	(7,693)	(24,497)	(6,897)	(6,879)	(3,182)	(268)	(49)	(31)	(31)	(43)	0
928500	Admin Exp Transf	AGO	929	(187,288)	(15,871)	(10,289)	(17,912)	(17,389)	(12,376)	(18,312)	(11,094)	(19,770)	(17,147)	(17,130)	(31,504)	(502)
930150	Miscellaneous Advertising Exp	AGO	930	25,044	2,504	(814)	482	7,742	2,801	2,654	922	272	1,830	2,029	1,785	3,107
930200	Misc General Expenses	AGO	930	240,585	5,225	108,492	(11,176)	38,384	11,534	(8,382)	14,231	5,988	8,486	48,399	13,645	4,282
930210	Industry Association Dues	AGO	930	19,328	0	19,308	0	21	0	0	0	0	0	0	0	0
930220	Exp Of Servicing Securities	AGO	930	86	(23)	(9)	(20)	(16)	(17)	243	(18)	(8)	(18)	(18)	(12)	0
930230	Dues To Various Organizations	AGO	930	24,789	4,970	1,923	8,209	175	0	(81)	0	656	394	0	7,490	1,353
930240	Director's Expenses	AGO	930	17,289	1,972	2,066	81	203	1,618	7,632	11	1,586	305	24	1,779	0
930250	Buy/Sell Transf Employee Homes	AGO	930	2,797	587	305	131	596	119	(87)	208	10	305	16	568	46
930700	Research & Development	AGO	930	931	367	143	(279)	38	5	93	235	18	(72)	83	300	0
930940	General Expenses	AGO	930	925	96	51	78	92	35	49	58	348	26	33	0	0
931001	Rent-A&G	AGO	931	78,310	5,868	5,603	11,773	8,997	5,045	5,239	4,745	6,582	7,799	7,394	6,497	2,756
931008	A&G Rents-IC	AGO	931	272,619	20,943	28,072	18,526	22,333	22,834	22,454	22,572	23,597	23,432	23,257	23,627	22,973
932000	Maintenance Of Gen Plant-Gas	AGO	932	9,732	502	0	0	3,658	0	44	3,424	143	934	538	491	0
935001	Inactive O&M and A&G	AGO	935	360	0	0	0	0	0	0	0	0	0	0	360	0
935100	Maint General Plant-Elec	AGM	935	(359)	(388)	(766)	28	738	3,144	51	(3,195)	15	68	(63)	(5)	13
935200	Cust Infor & Computer Control	AGM	935	2,463	43	1	136	845	342	174	593	(388)	69	477	181	0
				188,620,658	28,558,078	29,597,127	22,707,902	19,906,750	15,327,627	7,877,666	7,895,850	7,645,194	7,848,242	7,813,342	12,384,553	19,057,925

DUKE ENERGY KENTUCKY, INC.
CASE NO. 2018-00261
MONTHLY REVENUES AND EXPENSES BY ACCOUNT
BASE PERIOD

KyPSC Case No. 2018-00261
STAFF-DR-01-046 2nd Supplemental Attachment
WITNESS RESPONSIBLE:
S. E. LAWLOR
PAGE 4 OF 4

DATA: "X" BASE PERIOD FORECASTED PERIOD
TYPE OF FILING: "X" ORIGINAL UPDATED REVISED

Account	Description	Code	FERC	Total	ACTUAL												BUDGET
					Dec-17	Jan-18	Feb-18	Mar-18	Apr-18	May-18	Jun-18	Jul-18	Aug-18	Sep-18	Oct-18	Nov-18	
Revenues		REV		100,246,040	15,987,330	17,381,420	13,232,488	11,372,501	8,547,970	3,602,585	3,458,142	3,448,777	3,541,057	3,016,603	6,472,641	10,303,216	
Operating Expenses																	
Gas Purchased Expense		Fuel		40,698,478	7,174,317	7,389,916	6,370,503	5,245,290	3,729,002	958,429	745,917	711,851	740,083	847,117	1,840,765	5,145,487	
Operation																	
Production		PO		2,854,515	480,834	1,409,993	202,243	80,677	55,473	51,167	34,349	90,867	88,157	28,755	78,272	53,928	
Customer Accounts		CO		3,786,458	280,449	431,438	300,482	366,782	350,123	341,543	252,528	276,831	291,381	316,571	302,990	275,362	
Customer Service & Information		CSI		432,874	48,978	40,722	30,557	29,732	35,374	33,234	32,068	38,701	39,787	34,137	35,833	34,750	
Sales Expense		SE		149,155	9,236	8,361	11,281	10,561	10,079	16,943	13,030	11,310	14,714	14,297	13,292	15,151	
Transmission		TO		3,637	0	0	0	0	0	0	85	158	1,378	940	1,075	0	
Distribution		DO		6,569,759	697,639	511,045	475,022	473,715	431,414	298,211	498,730	555,977	700,802	877,129	584,701	645,374	
A&G		AGO		8,763,322	1,247,658	741,803	578,194	683,859	579,148	656,017	969,144	634,545	700,768	707,584	744,730	539,844	
Other		OYH		(1,134,540)	561,463	(233,576)	(329,245)	(355,219)	(402,968)	(42,090)	(10,616)	(96,714)	(53,927)	(94,786)	(138,860)	0	
Maintenance																	
Production		PM		131,279	18,522	21,371	5,900	3,228	16,962	4,177	39,688	3,775	1,463	1,029	6,316	8,850	
Transmission		TM		0	0	0	0	0	0	0	0	0	0	0	0	0	
Distribution		DM		2,946,877	175,466	155,065	100,302	307,611	228,137	261,808	205,820	190,693	267,582	348,055	216,264	184,064	
A&G		AGM		2,104	(323)	(765)	164	1,583	3,486	225	(2,602)	(383)	137	394	175	13	
Operation & Maintenance Expense				24,105,440	3,519,823	3,085,457	1,374,900	1,582,527	1,305,126	1,621,235	1,944,125	1,703,560	2,058,250	2,293,113	1,848,868	1,767,336	
Depreciation Expense		DEPR		14,514,597	1,133,527	1,139,751	1,158,972	1,163,081	1,180,401	1,142,993	1,182,505	1,217,870	1,297,020	1,309,603	1,317,445	1,271,619	
Amortization of Deferred Expenses																	
Taxes Other Than Income Taxes		OYHTX		3,542,695	332,544	328,531	298,987	271,289	282,275	280,364	293,109	290,484	302,098	274,554	280,235	288,224	
Income Taxes		FIT		3,513,608	530,437	272,052	272,052	272,052	272,052	272,052	272,052	272,052	(90,266)	272,052	624,978	272,043	
Operating Income				13,871,222	3,176,582	5,165,713	3,757,074	2,838,252	1,768,113	(972,478)	(979,566)	(745,640)	(786,128)	(1,779,536)	560,329	1,546,507	
Operating Income - Before Income Taxes				17,384,830	3,707,019	5,437,785	4,029,126	3,110,304	2,040,165	(400,426)	(707,514)	(473,588)	(856,394)	(1,507,464)	1,185,307	1,820,550	

EXHIBIT ____ (LK-8)



Brian S. Heslin
Deputy General Counsel

Duke Energy Corporation
550 South Tryon St (DEC 45A)
Charlotte, NC 28202

980.373.0550
Brian.Heslin@duke-energy.com

June 24, 2018

Via eTariff Filing

Ms. Kimberly D. Bose
Secretary
Federal Energy Regulatory
Commission 888 First Street, N.E.
Washington, D.C. 20426

Re: Duke Energy Kentucky, Inc.
Docket No. PR18-70
*Application of Duke Energy Kentucky, Inc. for Rate Approval Pursuant to 18 CFR
§ 284.123(b)(2)(i)*

Dear Ms. Bose:

Pursuant to Section 281.123(b)(2)(i) of the Federal Energy Regulatory Commission's ("Commission") regulations, Duke Energy Kentucky, Inc. ("DE-Kentucky") hereby submits its application for approval for the rate of interstate natural gas transportation service rendered under its Order No. 63 blanket certificate.

Concurrent with this filing, DE-Kentucky is submitting a filing fee in the amount of \$13,500 in accordance with Section 381.403 of the Commission's regulations. The filing fee is being paid at the time of filing through the Commission's eFiling system via www.pay.gov.

Please contact the undersigned if you have any questions regarding this submission.

Respectfully submitted,

/s/ Brian Heslin

Brian Heslin
Deputy General Counsel

DUKE ENERGY KENTUCKY, INC.
Docket Nos. PR-18-__-000
Test Year Ended March 31, 2018
Cost of Service Summary

Exhibit 1
Schedule A

Line No.	Description	Schedule Reference	Facilities partially dedicated to Interstate Service AM, AM-1, AM-2 AM-7, UL-6 & ODORIZATION			Facilities fully dedicated to Interstate Service RIVER CROSSINGS AM-1, AM-2, AM-7			Total (f) (C) + (F)	Allocated Total (j) (E) + (H)
			(C)	(D) Allocation Percentage	(E) Allocated	(F)	(G) Allocation Percentage	(H) Allocated		
	(A)	(B)	(C)	(D) Schedule H	(E) (C) * (D)	(F)	(G)	(H) (F) * (G)	(f) (C) + (F)	(j) (E) + (H)
1	Return on Rate Base @ 7.188%	B	\$ 496,069	49.1166%	\$ 243,852	\$ 12,748	100.0000%	\$ 12,748	\$ 508,817	\$ 256,400
2	Annual Depreciation	H-2	231,121	49.1166%	113,519	16,181	100.0000%	16,181	247,302	129,700
3	Property Taxes	H-4	69,939	49.1166%	34,352	1,794	100.0000%	1,794	71,733	36,146
4	Operation & Maintenance Expense	H	154,525	49.1166%	75,897	3,963	100.0000%	3,963	158,488	79,860
5	Federal Income Tax	H-3	92,672	49.1166%	45,517	2,381	100.0000%	2,381	95,053	47,898
6	State Income Tax	H-3	28,168	49.1166%	13,835	724	100.0000%	724	28,892	14,559
7										
8	Subtotal		1,072,494		526,772	41,105		37,791	1,110,284	564,563
9										
10	KPSC Maintenance Tax	H-4	1,716	49.1166%	843	66	100.0000%	66	\$ 1,782	\$ 909
11										
12	Revenue Requirement Excluding A&G		\$ 1,074,210		\$ 527,615	\$ 41,171		\$ 37,857	\$ 1,112,066	\$ 565,472
13										
14	Allocated A&G	I-1								37,973
15										
16	Revenue Requirement Including A&G									\$ 603,445
17										
18	Equivalent Demand Units	J-2								2,160,000
19										
20	Monthly Demand Charge Per Dekatherm of Demand									\$ 0,2794

1/ Split total between partially dedicated and fully dedicated based on net plant from Schedule B.

DUKE ENERGY KENTUCKY, INC.
Docket Nos. PR-18-__-000
Test Year Ended March 31, 2018
Derivation of Rate

Exhibit 1
Schedule J-2

Line No.	Cost of Service	Reference	\$ (a)	Dth (b)
1	Rate Development			
2	Total Revenue Requirements	Schedule A	603,445	
3	Fixed Variable		0	
4	Equivalent Demand Units	180,000 Dth x 12 mos.		2,160,000
5	Firm Interruptible			0
6	Demand Rate:			
7	Fixed Cost Revenue Requirements	Line 2	603,445	
8	Divided by Equivalent Demand Units	Line 4		2,160,000
9	Monthly Demand Charge per Dekatherm of Demand	Col. (a) Line 7 / Col (b) Line 8	<u>0.27940</u>	
10	Commodity Rate:			
11	Variable Cost Revenue Requirements	Line 3	0	
12	Divided by Equivalent Demand Units	Line 5		0
13	Commodity Charge per Dekatherm of Throughput		<u>0.0000</u>	
14	Calculation of Maximum Daily Rate	Col. (a) Line 9 / 30.4	<u>0.0092</u>	

1 / 30.42 is the average of the number of days in each of the 12 months.

FEDERAL ENERGY REGULATORY COMMISSION
WASHINGTON, DC 20426

OFFICE OF ENERGY MARKET REGULATION

In Reply Refer To:
Letter Order Pursuant to § 375.307
Duke Energy Kentucky, Inc.
Docket No. PR18-70-000

Issued: September 13, 2018

Duke Energy Kentucky, Inc.
555 South Tryon Street, DEC45A
Charlotte, NC 28202

Attention: Brian Heslin
Deputy General Counsel

Reference: Petition for Rate Approval

Dear Mr. Heslin:

On July 24, 2018, Duke Energy Kentucky, Inc. (DE-Kentucky) filed an application pursuant to section 284.123(b)(2)(i) of the Commission's regulations¹ for approval of a section 311 no-notice interstate transportation rate.² DE-Kentucky proposes to increase its maximum reservation charge for no-notice transportation from \$0.2417 per Dth per month to \$0.2794 per Dth per month. DE-Kentucky's commodity charge will remain at the present rate of \$0.0 per Dth. DE-Kentucky requests that the rates become effective August 1, 2018. DE-Kentucky also agrees to file, on or before July 25, 2023, a rate petition, pursuant to section 284.123(b) of the regulations or to propose a new rate applicable to NGPA section 311 service. Noting DE-Kentucky's commitment to file a new rate petition by July 25, 2023, the referenced tariff record is accepted effective August 1, 2018, as proposed.

Public notice of the filing was issued on July 30, 2018, with interventions and protests due on or before August 14, 2018. Pursuant to Rule 214 (18 C.F.R. § 385.214 (2018)), all timely filed motions to intervene and any unopposed motion to intervene out-

¹ 18 C.F.R. § 284.123(b)(2)(i) (2018).

² Duke Energy Kentucky, Inc., FERC NGPA Gas Tariff, Gas Tariffs, Operating Statement, Section 284.224 Service, 2.0.0.

Docket No. PR18-70-000

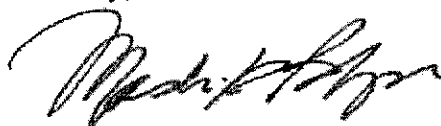
- 2 -

of-time filed before the issuance of this order are granted. Granting late intervention at this stage of the proceeding will not disrupt the proceeding or place additional burdens on existing parties. No protests or adverse comments were filed.

This acceptance for filing shall not be construed as constituting approval of the referenced filing or of any rate, charge, classification, or any rule, regulation, or practice affecting such rate or service contained in your SOC; nor shall such acceptance be deemed as recognition of any claimed contractual right or obligation associated therewith; and such acceptance is without prejudice to any findings or orders which have been or may hereafter be made by the Commission in any proceeding now pending or hereafter instituted by or against your company.

This order constitutes final agency action. Requests for rehearing by the Commission may be filed within 30 days of the date of issuance of this order, pursuant to 18 C.F.R. § 385.713 (2018).

Sincerely,

A handwritten signature in black ink, appearing to read "Marsha K. Palazzi", written in a cursive style.

Marsha K. Palazzi, Director
Division of Pipeline Regulation

EXHIBIT ____ (LK-9)

REQUEST:

Refer to the Barbare Testimony, beginning at page 3, regarding Duke Kentucky's request to change from a 10-year to a 15-year testing cycle.

- a. Provide the expected cost savings due to changing from a 10-year to a 15-year testing cycle.
- b. Identify and explain how any cost savings from the proposed change are reflected in the base period and forecasted test-period financial statements.

RESPONSE:

- a. The Company estimates the potential savings as follows:

An average of 10,000 meters are changed out per year, as part of the 10 year periodic testing program. The average estimated cost per change out is \$102/meter.

Meter Costs in a 10 Year Periodic Program:

10,000 x \$102 average cost/meter = \$1,020,000

Meter Costs in a 15 Year Periodic Program:

6,667 x \$102 average cost/meter = \$680,000

$((\$1,020,000 - \$680,000) / \$1,020,000) \times 100 = 33.33\%$.

Therefore, the Company estimates an approximate 33% cost savings.

- b. The changes were not in effect during the base period as the PSC had not approved the waiver during the base period. Therefore, there are no savings to

reflect in the base period. The Company agrees that the saving 33% (or \$340,000) should be included in the test year revenue requirement if the Commission approves the change in the change-out cycle.

PERSON RESPONSIBLE: Tyler Barbare.

EXHIBIT ____ (LK-10)

**Duke Energy Kentucky
Case No. 2018-00261
Staff Second Set Data Requests
Date Received: October 10, 2018**

STAFF-DR-02-030

REQUEST:

Refer to the Lawler Testimony, beginning on page 10, Schedule D-2.20, regarding ongoing integrity management initiatives. Explain how the cost of the ongoing integrity management initiatives was determined.

RESPONSE:

See Staff-DR-02-030 Attachment.

PERSON RESPONSIBLE: Sarah E. Lawler / Gary J. Hebbeler

Duke Energy Kentucky, Inc.
Integrity Management

Project Code	Project Name	Project Description	Amount
Distribution Integrity Management Program			
Risk Assessment and Analysis			
RISKANSFT	Optimain xDR Software Annual Cost	Optimain xDR is a risk analysis program that identifies the riskiest excavation tickets every day so further action can be taken. This project addresses excavation damages which are the greatest risk to the distribution system	\$ 15,025
Records			
SCANIDX15	Scanning & Indexing Project Phase 2	The goal of scanning documents is to have all records in one central system of record. Indexing documents allows the easy location and retrieval of necessary records. Both of these parts of the scanning and indexing project provide a benefit to the public by having necessary information to perform operations and maintenance on our pipelines.	\$ 73,530
CPMANCON	CP Manager - Data Enhancement	The goal of the Cathodic Protection (CP) Manager project is to improve cathodic protection records accuracy by integrating all pipeline test circuits from our Corrosion Department's software (Pipeline Compliance System, PCS) with our GIS mapping software (Smallworld by GE). Smallworld is the system of record for pipelines, corrosion circuits, and cathodic protection (CP) read locations. PCS is the system of record for field-generated CP reads. This project is merging the two systems into one business process. By using Smallworld as a single source for system records, duplicate data entry will be eliminated and data quality, availability, and accessibility will be improved.	\$ 29,275
	HPDM Midwest - Mains - Contingent QC Staff	Update features related to mains in GIS using the documentation scanned from the resource centers. 3rd party vendor will be performing updates, and staff augmentation will perform a QC before posting.	\$ 90,000
	HPDM Midwest - Mains - 3rd Party Contractor		\$ 337,500
Training			
IMEXCDAM	Radio Ads, Billboards & Mailings	The work performed under this project include various means of reaching out to Duke Energy Ohio customers to increase Public Awareness of Duke Energy's gas distribution system.	\$ 25,000
Damage Prevention			
IMEXCDAM	Optimain xDR Field Personnel		\$ 41,535
TRCINV	Traceability Investigations	The goal of these projects are to find the locations where our facilities cannot be located and perform corrective action to make sure they can be located in the future. In addition, the goal is to ensure compliance with CFR 49 192.321(e), which specifies that plastic pipe must be locatable.	\$ 75,000
UNTCORMN	Untonable Corrective Maintenance on Mains		\$ 37,500
UNTCORSV	Untonable Corrective Maintenance on Services		\$ 200,000
MAOP Verification			
MAOPCON	MAOP Verification	The goal of this project is to complete EGIS data clean-up, data entry, and data input rule setting is needed to establish Reliable, Traceable, Verifiable, and Complete (RTVC) materials information for Gas Operations consumption. Recently implemented Engineering and Integrity Management applications such as the MAOP (Maximum Allowable Operating Pressure) Calculator, Trascue Risk Analysis, and CP (Cathodic Protection) Manager as well as the upcoming Gas Data Warehouse will utilize these improved records.	\$ 48,000
Transmission Integrity Management Program			
	MAOP Verification-192.624		\$ 38,022
	Additional Assessments- 192.710		\$ 37,060
	Gas Quality Monitoring-192.478		\$ 1,149
	Material Testing-192.607		\$ 16,892
Totals			\$ 1,065,488

EXHIBIT ____ (LK-11)

REQUEST:

Refer to the Application, Volume 11.2, Tab 50; Duke Kentucky's responses to Staff's First Request for Information, Item 65; and the Metzler Testimony beginning on page 31 regarding employee benefit plans.

- a. Provide the jurisdictional employee medical insurance adjustment assuming the following: Total Healthcare/Medical Cost for Each Level of Coverage = Company Paid Portion of Premium + Employee Contribution to Premium, assuming the employee would pay 21 percent of the total cost for single coverage and 33 percent of the total cost for all other types of coverage, compared to the amount of healthcare/medical insurance expense incurred in the test year.
- b. Provide the jurisdictional dental insurance adjustment in the test year, assuming employees would pay 60 percent of the total cost of coverage. Calculate the amounts as follows: Total Dental Cost for Each Level of Coverage = Company Paid Portion of Premium + Employee Contribution to Premium.
- c. Provide a schedule that identifies the jurisdictional cost for providing long-term disability insurance.

- d. Provide a schedule that identifies the jurisdictional cost for providing group life insurance coverage for coverage amounts over \$50,000.
- e. For employees that participate in a defined benefit plan, provide the total and jurisdictional amounts of matching contributions made on behalf of employees who also participate in any 401(k) retirement savings account.
- f. Provide the information requested in Items a. through e. allocated from the parent company or other affiliated companies.

RESPONSE:

Please see STAFF-DR-02-005 Attachment

PERSON RESPONSIBLE: Renee H. Metzler

The below is an analysis of the Test Period numbers:

	Kentucky		Allocated from Affiliates	
A. Total Costs:				
Single Coverage	149,227		64,428	
Other Coverage	<u>673,331</u>		<u>290,705</u>	
Total	822,558		355,133	
Employee Cost:				
Single Coverage	31,338	21%	13,530	21%
Other Coverage	<u>222,199</u>	33%	<u>95,933</u>	33%
Total	253,537		109,462	
Employer Cost:				
Single Coverage	117,890		50,898	
Other Coverage	<u>451,131</u>		<u>194,772</u>	
Total	569,021		245,670	
Total KY Cost (Previously submitted)	685,569		295,989	
Change	116,548		50,319	

Note: The calculations above only look at the premium cost share. It does not reflect the out of pocket costs incurred by the employee (coinsurance, copays, deductibles). For medical coverage, the employee pays on average 17% of the premium and 34% of the total cost of coverage.

	Kentucky		Allocated from Affiliates	
B. Total Costs:				
Single Coverage	7,437		3,429	
Other Coverage	<u>49,630</u>		<u>22,879</u>	
Total	57,067		26,308	
Employee Cost:				
Single Coverage	4,462	60%	2,057	60%
Other Coverage	<u>29,778</u>	60%	<u>13,728</u>	60%
Total	34,240		15,785	
Employer Cost:				
Single Coverage	2,975		1,371	
Other Coverage	<u>19,852</u>		<u>9,152</u>	
Total	22,827		10,523	
Total KY Cost (Previously submitted)	37,069		17,089	
Change	14,242		6,566	

Note: The calculations above only look at the premium cost share. It does not reflect the out of pocket costs incurred by the employee (coinsurance, copays, deductibles). For dental coverage, the employee pays on average 35% of the premium and 56% of the total cost of coverage.

C. For the Test period, the jurisdictional cost for providing long-term disability insurance insurance is expected to be the following:

Kentucky	14,709
Allocated from Affiliates	<u>8,031</u>
Total	22,739

D. For the Test period, the jurisdictional cost for providing life insurance coverage over \$50k is expected to be the following:

Kentucky	4,397
Allocated from Affiliates	<u>3,023</u>
Total	7,420

E. For the Test period, the jurisdictional cost of company match for individuals with a DC and DB plan is expected to be the following:

Kentucky	340,385
Allocated from Affiliates	<u>153,427</u>
Total	493,813

F. See 'allocated from affiliates' portion of A-E above

EXHIBIT ____ (LK-12)

REQUEST:

Incentive Compensation

Provide the amount of incentive compensation expense pursuant to the Duke Energy Long Term Incentive ("LTI") Plan, including all stock based incentives if different from the LTI plan, included in the test year revenue requirement for each target metric used for this plan during the test year. Separately provide the costs projected to be incurred directly by the Company and the costs incurred through charges from DEBS, DEO, and/or any other affiliates. In addition, provide these amounts by FERC O&M and/or A&G expense account.

RESPONSE:

See workpaper WPD-2.26b and AG-DR-01-066 Attachment.

PERSON RESPONSIBLE: Sarah E. Lawler

Duke Energy Kentucky
Test Period: 4/1/2019 - 3/31/2020

Incentive Compensation - By FERC Account

Time Hierarchy Y-Q-M
 Business Unit Hierarchy

Row Labels		Sum of accounts 500-935	
1E200 - Restricted Stock Units		335,793	
110_SERVICE_COMPANY - Duke Energy Business Services		335,793	
107		6,950	
186.1		32,363	
426.4		12,009	
880		742	
903		8,386	
912		2,705	
920		221,668	
921		42,571	
930.2		8,400	
1E202 - Performance Award		146,143	
110_SERVICE_COMPANY - Duke Energy Business Services		146,143	
107		442	
426.4		8,169	
903		3,351	
920		98,558	
921		35,623	137,531
Grand Total		481,936	137,531

EXHIBIT ____ (LK-13)

REQUEST:

Incentive Compensation

Refer to Schedule D-2.26. Provide the Duke Energy LTI Plan target metrics for DEBS, DEO, and the Company applicable to the test year. Describe how each metric is calculated and the source of the data used for the calculations. Provide the Company's and DEBS's projected actual performance against each of these metrics in the test year.

RESPONSE:

The Executive LTI Plan is generally reserved for members of the Enterprise Leadership Team (ELT) and Senior Management Committee (SMC) to drive an ownership mindset and ensure accountability for making short and long-term strategic decisions. The design of the Executive LTI plan is reevaluated each year by the Compensation Committee of our Board of Directors, and therefore we cannot accurately predict the design or the target metrics for the grant that is expected to be awarded in the test year. We can, however, provide context related to the most recent grant that was awarded in February 2018.

Participants who received the 2018 grant were awarded 70 percent of their target LTI opportunity as performance shares that vest at the end of a 3-year period (i.e., 2018-2020) based on achievement of certain pre-defined goals. The other 30 percent of a participant's LTI opportunity was awarded as restricted stock units (RSUs) that vest in equal annual

installments over a 3-year period. Participants must generally continue their employment with Duke Energy for a three-year period to earn a payout and the number of performance shares that participants ultimately earn is contingent on Duke Energy's long-term performance.

The extent to which the 2018 performance shares vest depends on achievement relative to the following three performance measures during the 2018-2020 performance period, as follows:

<u>Goal</u>	<i>(25% Weighting)</i> <u>Duke TSR vs. Phil. Util. Index*</u>	<i>(50% Weighting)</i> <u>Cumulative Adjusted EPS</u>	<i>(25% Weighting)</i> <u>Total Incident Case Rate</u>	<u>Target Vested</u>
Minimum	Below 25 th	Below \$14.40	Above 0.71	0%
Target	25 th	\$14.40	0.71	50%
	55 th	\$15.00	0.54	100%
Maximum	90 th or higher	\$15.60	0.41 or lower	200%

Vesting percentage will be interpolated for achievement between performance levels.

*If Duke TSR is at least 15% during the performance period, the payout cannot be less than 30%. If Duke TSR is negative during the performance period, the payout cannot exceed the target level (100%).

These metrics correlate to long term value, and are set at levels that the Compensation Committee believes strike the right balance between being challenging and being reasonable in light of past performance and market conditions. To ensure employees remain motivated, target is set at a level that is achievable and meaningful. The minimum is set at a level of performance that must be achieved before an incentive can be earned, as performance below this level will result in no payout. The maximum performance level is set at a level that requires superior performance relative as compared to the target

level. In general, over a period of years, we want the probability of achieving minimum to be 80%, target to be 50%, and maximum to be 20%.

These LTI metrics are calculated as follows:

- Earnings Per Share (EPS) is calculated by dividing our adjusted diluted net income by the number of our outstanding shares of common stock. Cumulative adjusted EPS is calculated by adding the actual EPS results for each year during the performance period (i.e., 2018-2020). The cumulative EPS target is based on the projected growth of the businesses consistent with our 5-year business plan.
- Total Shareholder Return (TSR) measures the change in fair market value of an initial investment in common stock, over a specified period, with dividends reinvested, and is typically expressed as an annual percentage. The vesting opportunity for this portion of the award is based on Duke Energy's TSR relative to that of the companies in the Philadelphia Utility Index, measured over the three-year performance period.
- Total Incident Case Rate (TICR) measures the number of occupational injuries and illnesses per 100 employees, including staff augmentation contractors. The absolute minimum, target and maximum goals are based on the 75th, 90th, and 100th percentile of the performance of the companies in the EEI Group I large company index for the most recently available three years prior to the start of the performance period. For example, the target levels for the 2018-2020 cycle are based on actual peer performance for the 2014-2016 period.

PERSON RESPONSIBLE: Renee H. Metzler

EXHIBIT ____ (LK-14)

REQUEST:

Integrity Management Plan

In Case No. 2016-00159, the Company sought authorization to defer the costs associated with gas main pressure testing in order to maintain Duke Kentucky's natural gas pipeline systems' historic MAOP in accordance with federal regulations.

- a. Confirm that in its Application in that proceeding, the Company requested \$1,920,600.
- b. Confirm that the Company sought an increase in this amount to \$2,185,381 in its response to Staff 1-3(a) in that proceeding.
- c. Confirm that the Company actually deferred \$2,887,117, the amount that it has included in its request in this proceeding (see SCH_D2.17 in Excel workbook provided in response to Staff 1-71 in this proceeding).
- d. Indicate whether the Company sought an increase in its requested deferral from \$2,185,381 to the \$2,887,117. If so, identify the Case No. If not, indicate why it did not.
- e. Provide a schedule comparing the original request of \$1,920,600, the revised amount of \$2,185,381, and the actual amount of \$2,887,117 by cost component, including, but not limited to, contract labor, internal labor, and materials and supplies. Provide a detailed explanation for the increases in

each component from the original request to the revised amount and from the revised amount to the actual amount.

- f. Indicate if the internal labor was incremental to the internal labor expense included in the Company's base revenue requirement in Case No. 2009-00202. Provide all support for your response.

RESPONSE:

- a. Confirmed.
- b. Confirmed.
- c. The amount on Schedule D2.17 is \$2,887,115.
- d. The Company did not seek approval to increase its requested deferral from \$2,185,381 to the \$2,887,117. The amounts provided in Case No. 2016-00159 were estimates. The Commission Order in the Case No. 2016-00159 said, "The amount, if any, of the regulatory asset, which includes company labor, authorized herein that is to be amortized and recovered in rates shall be determined in Duke Kentucky's next gas rate case."

	Case No. 2016-00159		Case No.
	Application	Staff-DR-01-003(a)	2018-00261
Contract labor	\$ 1,503,000	\$ 1,698,390	\$ 2,620,224
Material	\$ 50,000	\$ 55,500	\$ 10,265
Company labor	\$ 47,500	\$ 69,778	\$ 253,949
Contingency	<u>\$ 320,100</u>	<u>\$ 361,713</u>	<u>\$ 2,677</u>
Total	\$ 1,920,600	\$ 2,185,381	\$ 2,887,115

Original Request to Revised Amount: The initial estimate provided inadvertently excluded Company loadings and indirect cost allocations.

Revised Amount to Actual: The estimated \$2 million project cost was based upon the best available information at the time of the filing. The initial cost estimates were developed using bid pricing received for the project as well as historical Duke Energy Kentucky project costs. As additional information is learned, such as new and additional work streams or processes are required, the actual costs change. The cost increases were two-fold. First, as explained in the Company's letter dated September 30, 2016 and filed in the post case correspondence, the Company determined it was necessary to conduct the pressure testing in two phases to allow an opportunity to make any necessary improvements if testing indicated additional action was required and to allow sufficient time to have the pipe in service during winter heating season. Second, the actual costs were higher than initially anticipated due primarily to the greater than anticipated usage of compressed natural gas (CNG) to maintain service to a large commercial customer that was connected directly to the AM07 line. To accomplish this testing, additional measures were necessary for the Company to perform the test and continue service to this customer that were not anticipated at the time of the original project estimates. The additional measures included physical security and privacy barriers around all CNG equipment installed on the customer's property, around the clock security guard patrols while CNG was in use, and extensive property restoration. There was also a significant amount of grading and access road improvement required to place equipment at a testing location that was not

originally anticipated and also grading and restoration required for water storage tanks due to unexpected rain flooding problems at the staging area.

- f. The internal labor costs are incremental to labor expense included in base rates in Case No. 2009-00202. As stated in the Company's application in Case No. 2016-00159, "The cost of performing this work was neither anticipated nor known and is not currently reflected in Duke Energy Kentucky's base rates."

PERSON RESPONSIBLE:

Sarah E. Lawler
Gary J. Hebbeler

EXHIBIT ____ (LK-15)

Duke Energy Kentucky
Case No. 2018-00261
Attorney General's First Set Data Requests
Date Received: October 10, 2018

AG-DR-01-006

REQUEST:

Refer to lines 25 and 26 Future Debentures on the Sch-J3 – Forecast tab in the Excel workbook provided in response to Staff 1-71. Provide a revised schedule that includes the actual debt issuances in September 2018 in lieu of the projected.

RESPONSE:

See AG-DR-01-006 Attachment.

The previously forecasted issuance for September is being issued in three tranches which were priced on September 20th, 2018. The first two tranches settled on October 3rd, 2018 for a total of \$65 million. The third tranche will settle on December 12, 2018 for \$35 million.

PERSON RESPONSIBLE: Robert H. “Beau” Pratt

DUKE ENERGY KENTUCKY, INC.
KyPSC CASE NO. 2018-00261
AG-DR-01-004 ATTACHMENT 1 OF 1
EMBEDDED COST OF LONG-TERM DEBT
THIRTEEN MONTH AVERAGE BALANCE ENDING MARCH 31, 2020
(CORPORATE)

DATA: BASE PERIOD "X" FORECASTED PERIOD
DATE OF CAPITAL STRUCTURE: END OF FORECASTED PERIOD
TYPE OF FILING: "X" ORIGINAL UPDATED REVISED
WORK PAPER REFERENCE NO(S):

SCHEDULE J-3
PAGE 2 OF 2
WITNESS RESPONSIBLE:
R. H. PRATT

LINE NO.	DEBT ISSUE TYPE, COUPON RATE	DATE ISSUED (DAY/MO/YR) (A)	MATURITY DATE (DAY/MO/YR) (B)	PRINCIPAL AMOUNT (C)	FACE AMOUNT OUTSTANDING (D)	UNAMORT. (DISCOUNT) OR PREMIUM (E)	UNAMORT. DEBT EXPENSE (F)	UNAMORT. LOSS ON REACQUIRED DEBT (G)	CARRYING VALUE (H=D+E-F-G)	ANNUAL INTEREST COST(*) (I)	
1	<u>Non-Current Capital Leases</u>										
2	Capital Lease - Erianger Facility	8.634%	30-Dec-06	30-Sep-20	2,100,000	33,445	-	-	33,445	2,888	
3											
4	<u>Unamortized Loss on Reacquired Debt</u>										
5	10.25% due 6/1/2020							9,819	(9,819)	9,064	
6	10.25% due 11/15/2020							30,688	(30,688)	23,064	
7	7.65% due 7/15/2025							370,128	(370,128)	63,938	
8	5.5% due 1/1/2024							164,278	(164,278)	38,654	
9	6.5% due 1/15/2022							15,270	(15,270)	4,563	
10	Variable rate PCB, due 8/1/2027							125,448	(125,448)	15,569	
11											
12	<u>Other Long Term Debt</u>										
13	LT Commercial Paper	2.883%	Series	16-Mar-22	25,000,000	25,000,000	-	-	25,000,000	720,867	
14	Debentures	3.860%	Series	26-Jul-06	26,720,000	26,720,000	-	156,033	26,563,967	1,051,311	
15	Debentures	Variable	Series	03-Dec-08	50,000,000	50,000,000	-	184,656	49,815,344	1,338,463	
16	Debentures	6.200%	Series	10-Mar-06	65,000,000	65,000,000	(201,629)	358,188	64,440,183	4,064,049	
17	Debentures	4.650%	Series	22-Sep-09	100,000,000	53,846,154	(5,023)	5,673	53,835,458	2,514,542	
18	Debentures	3.420%	Series	05-Jan-16	45,000,000	45,000,000	-	149,745	44,850,255	1,562,811	
19	Debentures	4.450%	Series	05-Jan-16	50,000,000	50,000,000	-	233,075	49,766,925	2,233,866	
20	Debentures	3.350%	Series	07-Sep-17	30,000,000	30,000,000	-	103,077	29,896,923	1,015,354	
21	Debentures	4.110%	Series	07-Sep-17	30,000,000	30,000,000	-	115,906	29,884,094	1,237,146	
22	Debentures	4.260%	Series	07-Sep-17	30,000,000	30,000,000	-	118,047	29,881,953	1,281,110	
23	Future Debentures	4.010%	Series	03-Oct-18	25,000,000	25,000,000	-	106,533	24,893,467	1,025,000	
24	Future Debentures	4.180%	Series	03-Oct-18	40,000,000	40,000,000	-	162,000	39,838,000	1,690,000	
25	Future Debentures	4.620%	Series	12-Dec-18	35,000,000	35,000,000	-	153,125	34,846,875	1,622,250	
26	Future Debentures	4.600%	Series	15-Sep-19	130,000,000	70,000,000	-	551,014	69,448,986	3,232,900	
27											
28	MCF Fees			16-Mar-23	-	-	-	300,412	(300,412)	86,866	
29	LOC Fees			14-Feb-23	-	-	-	38,325	(38,325)	11,498	
30	Other fees (\$26.720M - remarketing, insurance, Bilateral LC)									257,500	
31											
32	<u>Current Maturities</u>										
33	Debentures	4.650%	Series	22-Sep-09		(53,846,154)	5,023	(5,673)	(53,835,458)	(2,514,542)	
34											
35	Totals				683,820,000	521,753,445	(201,629)	2,730,136	715,631	518,106,049	22,588,731
36											
37											
38										4.360%	

(*) Annualized interest cost plus (or minus) amortization of discount or premium plus amortization of issue costs minus (or plus) amortization of gain (or loss) on reacquired debt.